FINANCIAL TIMES

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WORLD NEWS

Riot flares as man dies in arrest bid

Police in riot gear were drafted into Wolverhampton's main shopping centre yesterday afternoon when disturbances broke out after a young black man died as police tried to arrest him in a menswear shop.

Crowds of youths gathered ouside the shop as news of the man's death spread. Shop windows were smashed and bricks and litter bins thrown. Two police officers were injured, but were released from hospital later.

The police said 10 people were arrested in the disturbances which continued until about 5 pm. They refused to say how the man died as a post mortem examination had not yet been held. A police inquiry is planned.

Man killed at N-plant

An accident at Dounreay nuclear power plant, Caithness, left one man dead and another seriously injured. An argon gas escape killed John Sutherland, the other man was not named.

Two on arms charges

Two Belfast men appeared in court in London charged with conspiracy to cause explosions in the UK. Patrick Joseph McLaughlin of Belfast was were also charged with possessing firearms and explosives in the UK with intent to endanger life.

Belfast policeman shot

A policeman was shot in Belfast last night while on guard duty outside the home of Mr Justice Higgins, the Belfast City Recorder. The officer's condition was not immediately known.

Record damages

A man who was left paralysed and unable to talk after an industrial accident in which he inhaled hydrogen sulphide gas was awarded a record £850,000 in the High Court. Graham Cook revealed that he plans to marry his nurse, Tricia Stephenson, after his divorce proceedings are completed.

Beirut truce ordered

Lebanese leaders holding peace talks in Damascus sent orders to their fighters to observe a new ceasefire. Beirut radio station said a brigade of Syrian troops was on its way to the city to restore order. Earlier story, Page 2

Soviet Union bars MPs

Three MPs were barred from entering the Soviet Union where they planned to meet Jews who have been refused permission to leave the country. Page 5.

PM damps tax rumours

Mrs Thatcher last night moved to kill speculation that Chancellor Lawson could be planning to reduce the basic income tax rate to 25p in the pound. Page 4

Reagan defended

The White House said President Reagan was not aware of any attempt last November to conceal the depth of his involvement in the decision to ship US arms to Iran. Back Page

Jerry Hall acquitted

American fashion model Jerry Hall, girl friend of pop star Mick Jagger, was acquitted of drugs charges in a Barbados court.

Poll boost for Alliance

An opinion poll for the London Evening Standard put the Alliance candidate in the coming Greenwich by-election just 5 points behind the Labour candidate with 35 per cent of support. The Conservative candidate had 23 per cent. Back Page; Feature, Page 4

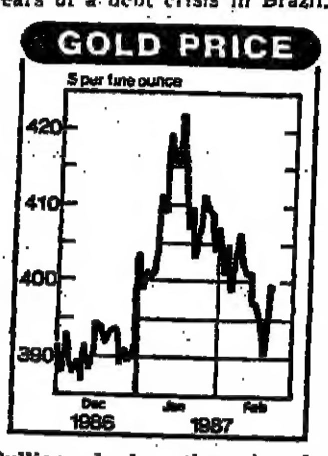
BUSINESS SUMMARY

Daf group to spend over £150m in UK

DAF, the Anglo-Dutch commercial vehicle company which will incorporate Leyland Trucks and Daf of the Netherlands, will spend more than £150m in the UK over the next five years on new vehicle development and production.

Daf president Aart van der Padt dispelled fears that Leyland's research, development and design capabilities would be run down. Daf did not have the same expertise, he said. Back Page

GOLD: Prices rose to their highest level for eight days, with continued support from fears of a debt crisis in Brazil.



Bullion broke through the $400-an-ounce mark but fell back on profit-taking to close at $399.75, up $4.75 on Thursday. Commodities, Page 9

STEEL output of the leading non-Communist producing countries fell almost 10 per cent to 33.28m tonnes in January compared with a year ago, said the International Iron and Steel Institute.

OPEC'S price structure is under mounting pressure in the face of a sharp fall in demand for Gulf producers' crude. Back Page

DREXEL Burnham Lambert's former managing director Dennis Levine was fined $362,000 (£236,833) and sentenced to two years in prison for insider trading. Back Page

US authorities seek the extradition from Japan of Hirotsugu Mizano, former Mitsubishi Bank of California senior executive, charged with embezzling nearly $45m (£29.5m) from the bank. Page 2

ZAMBIA'S Central Bank said it would not restart weekly foreign exchange auctions until the end of Government talks with the IMF and the World Bank on the country's economic reform programme. Page 2

LOCAL AUTHORITY employers and unions agreed a job ranking system for 1m council employees based on the equal pay for work of equal value principle. Labour news, Page 5

CAPEL-CURE MYERS, London stockbroker, has lost a further five executives to Wood Mackenzie, bringing to 11 the number of staff it has lost this week to the rival broker.

EASTMAN KODAK, US photography giant, made a surprise entry into the US throwaway camera market just one day before Japanese rival Fujiphoto's product launch. Page 9

KOMATSU, world's second largest construction machinery maker, blamed the yen's strength chiefly for annual pre-tax profits down 32.4 per cent to Y28.42bn (£120.9m). Page 9

CAPITAL RADIO'S share offer was subscribed 57 times meaning allocations of the 3.91m shares will be severely rationed. Page 8

ARGYLL, supermarket group, is selling its US drinks distributor Barton Brands for $41.5m (£27.1m) cash plus $6m over the next four years to a management buy-out team. Page 8

Guinness Peat chief to head strengthened Eurotunnel board

BY ANDREW TAYLOR IN LONDON AND GEORGE GRAHAM IN PARIS

MR ALASTAIR MORTON was yesterday appointed British joint chairman of Eurotunnel, the Anglo-French consortium which plans a £4.7bn tunnel under the Channel.

Mr Morton, 48, is to stand down as chief executive of Guinness Peat, the London-based merchant bank, so that he can devote most of his time to Eurotunnel, but will become the bank's chairman.

Eurotunnel, which has been the subject of a series of boardroom upheavals during the past two weeks, also announced yesterday the appointment of four new non-executive directors including Sir Kit McMahon, chief executive of Midland Bank and former deputy governor of the Bank of England.

The three other new directors are all chief executives or chairmen of leading French financial institutions. Eurotunnel also intends to announce shortly some more British directors to strengthen its board.

The new French directors include Mr Robert Lion, managing director of the Caisse des Depots et Consignations, the influential state-owned financial institution.

Mr Morton replaces Lord Pennock who announced 11 days ago his intention to resign as British co-chairman of the consortium.

Mr Morton said yesterday that he was not coming to the rescue of Eurotunnel, which he did not believe was in danger of collapse. He said he would be taking over an excellent management team, the qualities of which had largely been ignored during the recent publicity over the boardroom departures.

Other move affecting the Eurotunnel board include decisions by two large French institutions, Credit Agricole and the Suez investment banking group, to replace their present representatives with more senior executives.

This has brought Mr Bernard Auberger, managing director of the national board of Credit Agricole, and Mr Renaud de la Geniere, president of Compagnie Financiere de Suez and former governor of Banque de France, on to the Eurotunnel board.

British institutional shareholders in Eurotunnel last night welcomed the appointments. "Once the adverse publicity over the recent boardroom departures has died down, I think this will be seen to have been a good thing," said one fund manager.

Earlier this week Mr Michael Julien, Eurotunnel's deputy chief executive, and Sir Nigel Broackes, chairman of Trafalgar House, the construction, property, shipping and hotels, group, resigned from the board.

Mr Julien, who was a central figure orchestrating Eurotunnel's fund-raising efforts, is leaving to become finance director of Guinness, the drinks group.

Mr Morton, who previously worked at the World Bank and was the first managing director of the former British National Oil Corporation (BNOC), is expected to play a key role in completing financing arrangements for the £4.7m tunnel.

One of the most important things Mr Morton will concentrate on will be Eurotunnel's plans to raise £750m in an international share offer this summer.

He shares the Eurotunnel chairmanship with Mr Andre Bernard, the former French managing director of Royal Dutch/Shell. He said he was approached by the consortium just under two weeks ago.

Mr David Walker, an executive director of the Bank of England, is understood to have been closely involved in the negotiations to get Mr Morton on to the Eurotunnel board.

The Bank has figured large in the recent boardroom movements at Eurotunnel. Its dissatisfaction at the consortium's handling of a £206m share

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Tunnel vision's latest apostle, Page 6
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New high on stock market after week of records

BY RICHARD TOMKINS

THE LONDON stock market rose to another high yesterday to end a week in which record levels have been reached on four days out of five.

The FT-SE 100-share index had its biggest points rise in a single day, closing 31.4 points up at 1,961.5.

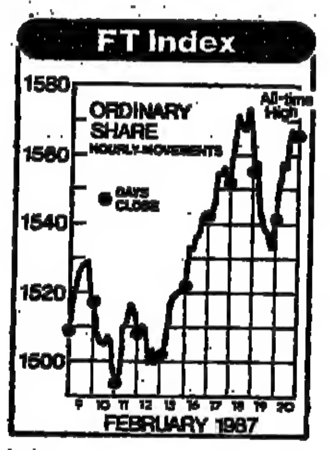
This index has now risen by nearly 17 per cent since the beginning of the year. Yesterday's closing level puts it within striking distance of the 2,000 mark.

The FT Ordinary index rose 24.5 to 1,567.

The London market was spurred by Wall Street's firmness overnight and by renewed optimism about a cut in UK interest rates in the wake of Japan's decision to bring down its discount rate.

These factors came against the background of a market already given upward momentum by a series of positive influences, and an equally noticeable absence of negative ones.

Mr Kenneth Inglis, a stock market analyst at Phillips and Drew, the stockbrokers, said: "The rise in the stock market will go on and on until there's some bad news, and there's a world shortage of that at the moment."



The positive factors are partly political. Stock market analysts say that the City is increasingly confident of a Conservative victory in the General Election, and share prices are discounting this factor in advance.

Healthy Government revenues are trimming the public-sector borrowing requirement and increasing the scope for a tax-cutting Budget.

Another factor driving up prices is overseas enthusiasm for the UK market. In a period of strength on international stock markets, London equities still look cheap by comparison with those in New York or Tokyo.

Although analysts can see no immediate reason for the bull run in UK equities to end, some inject a note of caution into their forecasts.

Mr Adrian Fitzgerald at the stockbrokers Wood Mackenzie said that the volatility of the market indices at present was typical of a bull market at its peak, and one piece of bad news could easily cause a swift tumble.

"I do not see an end to the bull market, but I do think we have seen the best of it for this year, and that from now on there will be better returns to be made out of gilts or cash."

Gambling on AIDS drug, Page 4
London Stock Exchange, Page 11
Week in the markets, Weekend FT Page II
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Fall in home loan defaulters

BY DAVID LASCELLES, BANKING EDITOR

THERE HAS been a sharp decline in the number of British home owners who have fallen into arrears on their mortgages or had their homes repossessed because of their inability to pay.

This reversal of a long-term trend, shown in figures yesterday from the Building Societies Association covering the last half of 1986, suggests that fears about the impact of the UK's rapidly growing personal debt may be exaggerated.

The figures show the first decline since the BSA started collecting six-monthly figures on arrears and repossessions in 1982.

Mr Mark Boleat, secretary-general of the BSA, said it was "a remarkable reduction. I think we are on top of the cycle."

He attributed the reduction partly to the recent decline in unemployment, the single largest cause of loan difficulties. But he said building societies were also taking steps to prevent people falling into arrears by discussing their financial problems with them as soon as possible.

The BSA's report says that the number of properties repossessed by lenders in the last six months of 1986 was 10,120, equivalent to 0.146 per cent of mortgages outstanding. This compared with 10,430, or 0.154 per cent in the first half of the year.

Payment arrears also declined. Loans between six and 12 months in arrears at year-end were 44,600, down sharply from 52,150 at the end of June. This measure is considered by the building societies as the best indication of the seriousness of loan problems.

The latest figures show arrears are back at the mid-1984 level. Loans more than 12 months in arrears were 11,110, against 13,550 in the first half.

Although the societies are being cautious about predicting the start of a downward trend, they believe the improving economic situation and growing awareness in the UK of personal debt problems should lead to a gradual reduction in loan difficulties.

The BSA's report also shows that the inflow of cash into the societies last month fell sharply as people used their savings to pay their Christmas bills. Net receipts amounted to £456m, down from £703m in December.

Mr Boleat said other factors in the fall were the cold weather and the start of personal equity plans.

The flotation of British Airways came too late in the month to have a significant impact.

Main industrial nations close to currency pact

BY STEWART FLEMING IN WASHINGTON, PETER BRUCE IN IN BONN AND JANET BUSH IN LONDON

LEADING industrial countries yesterday appeared to be moving towards a temporary agreement to try to limit fluctuations in the exchange rates of key currencies.

Finance ministers and central bankers from the seven leading industrial countries were converging on Paris for a weekend of intensive talks about steps to improve the outlook for the world economy. In the background are deepening concerns about growth prospects in West Germany and Japan, fears about protectionist trends in Washington and a sense that, with currency markets nervous about the dollar, the industrial nations need to put recent bickering about their economic policies behind them.

The Group of Five, comprising the US, West Germany, Japan, Britain and France, will probably meet today. They will be joined tomorrow by Italy and Canada for a Group of Seven meeting.

The threat of renewed tensions over Third World debt is another factor which will be preying on the minds of officials.

On both sides of the Atlantic yesterday officials using broadly similar language were hinting that outlines of a limited agreement had been hammered out. A formal decision to establish permanent "target" or "reference zones" for the major currencies does not appear to be on the cards, but a temporary understanding about what are the acceptable ranges of fluctuation between the yen, the dollar and the Mark similar to that arrived at last autumn between the US and Japan seems likely.

It is recognised that if some, perhaps temporary, stability in exchange rates is to be achieved the issue of official intervention in the currency markets will have to be addressed. What appears to be missing, however, are firm commitments to agreed changes in underlying economic policies which would improve prospects for longer term currency stability.

Domestic political considerations in West Germany, Japan and the US in particular are not conducive to such a bold step, although some officials are speculating about the possibility of another cut in the Japanese discount rate soon. "Look for some commitment by Japan. It has to be less than concrete (for political reasons), but look for language indicating the way Japan will move," said one official yesterday.

Mr Satoshi Sumita, Governor of the Bank of Japan, said in Tokyo yesterday that the paramount consideration in Japan's decision, which became known on Thursday and takes effect from Monday, to lower the discount rate to 2.5 per cent was a desire to stabilise the yen. He also hoped the move would help boost Japan's sagging economy.

In comments clearly meant to signal Japan's political will for an agreement at this weekend's meetings, Mr Sumita said the rate cut showed Japan's desire for international co-operation to stabilise exchange rates and work towards sustained economic growth worldwide.

Confirming the line taken by other officials, he said he did not think any firm proposal on "reference ranges" would be included in any agreement.

West Germany has until now firmly rejected US proposals for such zones.

But a senior government official said yesterday that Bonn was prepared, in Paris, to "pragmatically examine whether, in the current situation, it would be useful for the time being to co-operate more strongly towards influencing the exchange rate."

"The German position is that, as before, we have doubts about a permanent system of target zones," he said, emphasising the word "permanent."

The senior official said that intensive talks had been continuing at official and ministerial level among the G5 countries since December. Where judgments about the implications of the dollar's fall were once far apart, he said, the Americans, the Europeans and the Japanese now had "more in common than a few months ago."

In that time, the dollar has fallen further against the D-mark and the Germans believe the US does not want it to fall more because it could cause further inflation.

The official would not say what West Germany, whose exporters have been hurt by the strength of the D-Mark, would have to offer in Paris in the face of US demands that it do something to boost economic growth.

It is thought unlikely that Mr Gerhard Stoltenberg, the West German finance minister, will be able to make any firm promises. A DM 9bn (£3.2bn) tax cut next year would be brought forward, but only to the great political embarrassment of the Government, which faces two important state elections between now and the

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WEEKEND FT

PARLIAMENT
Peter Riddell, Political Editor, examines the role and the rules of those non-attributable, officially non-existent briefings known as the Lobby.
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FINANCE
Why UK interest rates are still high.
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HOW TO SPEND IT
Baby talk — or motherhood à la mòde.
Page XIX

PROPERTY
London development at Smithfield and Docklands
Pages XII and XIII

LANGUAGE COURSES
Special Weekend FT Report
Pages XV-XVII

MARKETS

DOLLAR	STERLING
New York	New York 1.5355 (1.5285)
DM 1.819 (1.831)	London: $1.5285 (1.526)
FFr 6.048 (6.0965)	DM 2.795 (2.7975)
SFr 1.53575 (1.546)	FFr 9.305 (9.315)
Y153.55 (153.75)	SFr 2.36 (2.3675)
London:	Y234.75 (235)
DM 1.8275 (1.8335)	Sterling index 69.1 (69.2)
FFr 6.0875 (6.105)	**LONDON MONEY**
SFr 1.5445 (1.5515)	3-month interbank:
Y153.6 (154.05)	closing rate 10 7/16% (same)
Dollar index 104.1 (104.4)	**NORTH SEA OIL**
Tokyo close Y153.77	Brent 15-day March (Argus)
US CLOSING RATES	$17.275 ($16.95)
Fed Funds 5 3/4% (same)	**STOCK INDICES**
3-month Treasury Bills:	FT Ord 1,567.0 (+24.5)
yield: 5.58% (5.59)	FT-A All Share 974.35 (+1.4%)
Long Bond: 99 5/32 (99 1/4)	FT-SE 100 1,961.5 (+31.4)
yield: 7.55% (7.54)	FT-A long gilt yield index:
GOLD	High coupon 9.61 (9.7)
New York: Comex April	New York:
$408.7 ($402.7)	DJ Ind Av 2,235.24 (−8.85)
London: $399.75 ($395)	Tokyo:
	Nikkei 20,080.39 (−147.7)

Chief price changes yesterday. *Back Page*

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 9; France FFr 6.50; W Germany DM 2.20; Ireland 60p; Italy L1,600; Malta 30c; Netherlands Fl 3; Norway NKr 7.00; Portugal Esc 100; Spain Pts 125; Sweden SKr 8.00; Switzerland SFr 2.20.

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Syrian ceasefire takes tentative hold in Beirut

Militiamen in Beirut exchange fire

BY NORA BOUSTANY IN BEIRUT

BEIRUT residents came out of their bomb shelters and basements for the first time in five days as bursts of machinegun fire and tank shells punctured an elusive ceasefire crafted by Syrian military intelligence chief Ghazi Kanaan. Ferocious street battles have killed 200 people and wounded about 500 others.

Lebanese politicians and warlords trooped to Damascus yesterday in an attempt to find a way out of Lebanon's latest bout of factional clashes that pitted Druze and communist militiamen against the dominant Shi'ite movement.

Shi'ite leader Nabih Berri indicated he was in no mood for compromise with his former ally Druze Chieftain Walid Jumblat, who has formed a coalition of leftist and some Sunni forces opposed to Amal control over the streets of West Beirut. Mr Berri said he did not see the need for a meeting with Mr Jumblatt, who had held two rounds of talks with Syrian vice-president Abdel Halim Khaddam.

Syrian special forces in wine-coloured combat fatigues took up positions along demarcation lines separating Druze and Shi'ite combatants. A soldier holding a green-tipped rocket-propelled grenade at the ready at the Eldorado cinema, said this had been the "hardest street war" he had witnessed in Beirut.

Shi'ite Amal militiamen were tinkering with anti-aircraft guns mounted on trucks and filling sandbags near their main fortress, the 42-strong Murr Tower, while Druze commanders ordered their men to erect earth barricades and sever roads to exposed positions.

Mr Berri and one of his chief military spokesmen in Beirut claimed Amal had recovered some strongholds lost to the leftist coalition. A joint Lebanese-Syrian security force failed to make headway in its attempt to pacify the Arab University quarter adjacent to Palestinian camps on Beirut's southern edge.

Fighters gathered on street corners. Still looking wary and disheveled from night-long battles, they said military gains were not enough if political changes were not brought about in Damascus. "Our guns will remain in our hands until there is more democracy here and until the wanton killing here stops," volunteered one Druze fighter still donning a red bandana to distinguish himself from Amal militiamen with green or black head bands.

A top Druze official urged his men to hold their ground, improve fortifications around their positions and blow up key access overpasses linking them to the Murr Tower if they had to. "The fighters are getting a breather, but the war is not yet over," a military observer said.

Men and women came out of their hideouts at first light yesterday morning taking advantage of a lull to locate family members and look for bread and provisions. Shattered glass on the pavements of the once elegant Hamra shopping district glistened in the sun as ashen-faced residents inspected the damage around them.

The familiar sight of smoking buildings, blackened cars and rotting refuse had once again become part of the daily scenery of Beirut. Shoppers rushed hurriedly down deserted streets with bags of shabby belongings and packages of flat Arabic bread on their heads.

A woman living off Sadat Street said she fainted when dozens of Shi'ite militiamen banged on her door asking for a hiding place from advancing Druze, communist and Sunni fighters. After the battle, Druze and Shi'ite militiamen were in evidence again, occasionally in joint positions but mostly standing in gangways gazing out suspiciously at passersby scanning the distance for possible counter attacks.

A mood of distrust reigned as the warring sides appeared to be mainly regrouping in anticipation of renewed conflict. The outcome of talks in Damascus remained the key to any further predictions about the course of battle.

Tareq Ibrahim, a military spokesman for Amal, said thousands of Shi'ite men had volunteered to join a mobilization drive called for by Mr Berri from Damascus on Thursday.

"Though the Druze have cut off our supply lines from the south and the Bekaa, we have no manpower problem. We may not have enough arms for everyone," the Amal spokesman said but noted that his militia would have no trouble in asking Syria for military assistance. Amal is Syria's main local ally in west Beirut.

NY Governor quits race to be president

BY STEWART FLEMING, US EDITOR IN WASHINGTON

GOVERNOR Mario Cuomo of New York, the powerful orator identified in the opinion polls and by many political analysts as one of the two front-runners for the Democratic Party's presidential nomination next year, has abruptly announced he will not after all seek the presidency.

The decision by the 54-year-old Italian-American who won a landslide gubernatorial re-election victory in November last year, has shocked party leaders across the country — not least because Mr Cuomo had appeared in recent weeks to be leaning towards entering the presidential race and had begun to speak out on wider national issues.

Speculation about Mr Cuomo's presidential potential erupted at the Democratic party's nominating convention in San Francisco in 1984.

There, the New York governor electrified thousands of delegates with a keynote speech which left many again wondering why they were selecting the uninspiring former Vice President, Mr Walter Mondale, to challenge President Ronald Reagan.

The speech became part of the party's folklore. It raised expectations that in Mr Cuomo, the Democrats might find a politician who could appeal to the party's traditional liberal democratic core while backing positions in tune with the widespread perception that many of the social policies the liberal democrats pushed through in the 1960s and 1970s were proving less effective and more expensive than expected.

In spite of his firm statement, Mr Cuomo may well continue to be seen by his admirers as a dark horse, who could re-emerge if, as some suspect, the decisive test comes not in a party primary election but at the convention.

Mr Cuomo has been criticised recently for not making up his mind on the presidency. A man notoriously sensitive to public criticism, he has, as his statement on Thursday night underscored, been agonising about whether he has the special qualities needed for the presidency and whether he should subject his family to the intense scrutiny a presidential candidate inevitably undergoes.

"I choose this moment to make my position clear," Mr Cuomo said on a radio call-in programme. "I will not be a candidate." The decision was the best thing for his party, his family and his state, he added.

Sikh rally of 100,000 backs minister

A RALLY of more than 100,000 Sikhs in the troubled northern Indian state of Punjab yesterday pledged support for Mr Surjit Singh Barnala, the state's moderate chief minister, and rejected the call of high priests based in the sacred city of Amritsar for him to resign, John Elliot reports from New Delhi.

The size of the crowd, from all parts of India, gave a significant boost to Mr Barnala, who is supported by Mr Rajiv Gandhi, India's Prime Minister, in his struggle to stay in power.

Sikh leaders attending the rally included Mr Balwant Singh, Punjab's Finance Minister, and 18 others who pledged their loyalty for religious purposes to the high priests on Thursday.

This dual loyalty underlines the fragility of Mr Barnala's regime in the battle for power which has focused public attention on the Sikh's traditional merging of politics and religion.

Begun 'freed'

Jewish activist Iosif Begun has been freed from prison in the city of Chistopol, 500 miles east of Moscow, and expects to return to the Soviet capital on Sunday, his daughter-in-law claimed yesterday, Reuter reports from Moscow.

Mrs Yana Begun said Mr Begun's wife Inna had spoken by telephone from Chistopol with her mother and told her the veteran Soviet dissenter had been released from prison.

Mr Begun, a 54-year-old mathematician, was sentenced in 1983 to seven years in a strict-regime labour camp, the second harshest of four categories governing diet and work conditions in Soviet labour colonies, and five years' internal exile.

He was accused of "spreading and transferring abroad deliberately slanderous information about life in the Soviet Union on instructions of foreign subversive anti-Soviet centres."

Tunisia secures aid

Tunisia has secured a pledge of $250m and promise of a further $50m worth of concessionary financing from western and Arab countries at a specially convened aid donors meeting which ended in Paris yesterday, Francis Ghiles reports.

The Tunisian Minister of Finance, Mr Ismael Khelil, indicated that a meeting with commercial banks would be arranged next April in London where Tunisia hopes to raise $150m in loans.

Surinam donation

The Netherlands is donating another Fl 2.1m (£677,000) of food and medicine to its embattled former South America colony of Surinam as concern grows over the smouldering civil war, Laura Raun reports from Amsterdam.

Bonn hits back over Hoechst raid

BY WILLIAM DAWKINS IN BRUSSELS

THE West German Government yesterday denied it had failed in its duty to enforce EEC anti-cartel rules during an investigation involving Hoechst, the Frankfurt chemicals producer.

Bonn's claim was contained in a letter delivered to the Commission yesterday. Earlier this month, Brussels demanded an explanation from the Federal Government as to why Commission inspectors were refused entry to Hoechst's headquarters on January 20.

They had been attempting a dawn raid for evidence of possible price fixing in PVC and polyethylene — two widely-used chemicals. Seven other European chemicals concerns admitted the inspectors.

Hoechst obtained an injunction from the Frankfurt Administrative Court — the first time an EEC inquiry has run up against a national legal block. It is being seen by the Commission as throwing into question its fundamental right to investigate alleged illicit cartels.

Bonn's letter emphasises that the West German authorities are happy to help the Commission, but questions the extent of its right to make searches.

The letter accuses the Commission inspectors of trying to get into Hoechst's offices without a legal warrant.

Bonn admits some uncertainty exists over whether the inspectors — if they needed one — should have had a warrant from a German court or from the European Court of Justice in Luxembourg and offers talks to resolve this.

The Commission's request is the first step in a legal action against West Germany under the Treaty of Rome's Article 169. This lays out procedures against member-states thought to have failed to uphold the treaty.

If the Commission is not satisfied with the explanation, it can then deliver a "reasoned opinion" on how the matter should be put right.

If that produces an inadequate response, it could sue Bonn at the European Court and demand an interim judgment obliging the authorities to force Hoechst to admit the inspectors.

The Commission is pursuing a separate legal action against Hoechst by fining it Ecu 1,000 (£742) for every day it refuses to admit the inspectors.

Hoechst has appealed to the European court.

EEC set to probe Japan chip 'dumping'

BY WILLIAM DAWKINS IN BRUSSELS

EUROPEAN COMMUNITY officials are expected in the next few weeks to open an anti-dumping investigation into imports of Japanese memory chips.

The European Commission's anti-dumping unit has agreed in principle to go ahead with an inquiry into erasable programmable read only memories (Eproms). But it is being delayed by a record backlog of work, much of it consisting of complaints against Japan.

It is understood that the unit is waiting for investigators to complete an existing examination of alleged dumping of ferro-silicon from Brazil, before applying to Mr Willy de Clercq, External Trade Commissioner, for formal clearance to proceed with the chip inquiry.

The Eprom complaint was launched last December by the European Electronic Component Manufacturers' Association which plans next week to lodge a potentially more serious complaint against Japanese imports of dynamic random access memories (Drams).

These represent an EEC market of about $310m (£221m), far larger than Eproms, where EEC sales are worth an estimated $160m a year, according to the association.

Both types of chip are made by Siemens of West Germany, Philips of the Netherlands, and Thomson of France. The association claims that assembled Japanese Eproms are being sold in Europe for as little as half of what would be a reasonable market price at home — and that even in Japan they are available at below cost.

European Eprom producers' prices are being undercut by 38 per cent in many cases says the association, which argues that this has "materially retarded" the industry's development.

It estimates that Japanese producers have an 80 per cent share of EEC Eprom sales and between 70 per cent and 90 per cent of the Dram market.

The investigation is likely to add new heat to trade relations between the EEC and Japan, which have worsened recently over a controversial Commission proposal to impose anti-dumping duties on products assembled within the Community and containing a large proportion of "dumped" components.

Aquino endorses 24 senatorial candidates

By Richard Gourlay in Manila

PRESIDENT Corazon Aquino of the Philippines yesterday endorsed a list of 24 Senatorial candidates to run under her banner in national elections in May, at the start of a six-month period that will be dominated by political campaigning.

Mrs Aquino's move is expected to allow the candidates to benefit from her countrywide popularity, even though she has not formed a new party around her centrist coalition government or the chosen senatorial hopefuls.

Eight cabinet officials are on the list, including Mr Jovita Salonga—head of the committee searching for the alleged stolen wealth of former President Ferdinand Marcos—and Mr Heherson Alvarez, who oversees the crucial Department of Land reform.

A major Cabinet reshuffle is expected when these two resign to start campaigning on March 8, but it is not expected to affect any of the major finance departments.

Some opposition politicians said they will announce their candidacy by the end of the month. However, Mr Juan Ponce Enrile, the former Defence Minister, and a vocal critic of Mrs Aquino, is likely to run for the House of Representatives, his aides said.

Elections for the 24 Senate members and the 250-strong House of Representatives will be held on May 11 and will be followed by polls for governors and local officials on August 28.

Under the new constitution, approved on February 2, the Senate has to approve, with a two-thirds majority, any extension of the agreement with the US Government to rent Clark Air Base and Subic Bay Naval Base after 1991 when the current treaty expires.

Grenade kills 9 in auditorium

A GRENADE attack on a packed auditorium in the Philippines last night killed nine people and seriously injured 56, a radio report said, Reuter reports.

The broadcast, from Mindanao Island, said the hand grenade was lobbed in Margosatubig in Western Mindanao at the height of fiesta celebrations.

Most of those hurt in the auditorium, packed with an estimated 5,000 people, were women and children crushed as the crowd tried to flee.

The report monitored in the north-western Mindanao city of Cagayan de Oro said local government officials had appealed for blood donations.

No more information was immediately available.

Meanwhile, in the far north, the state-run Philippine News Agency reported that at least seven soldiers and 12 communist guerrillas were killed yesterday after 120 rebels ambushed a military patrol.

Danish arms bill wins support

AN OPPOSITION proposal to prevent Danish ships carrying arms, ammunition or other military equipment without prior permission of the Justice Ministry received the support of left-centre parties representing a majority of the Folketing (parliament) during a first reading yesterday.

Largest drop in personal spending shown last month

BY NANCY DUNNE IN WASHINGTON

AN American buying spree in December ended last month with the largest drop in personal spending on record.

The US Commerce Department said yesterday that personal spending fell 2 per cent last month, even though tax changes had added an extra 0.8 per cent to workers' disposable incomes. Last month the department reported a huge 2.2 per cent increase in December spending, the greatest advance in 11 years.

Economist said the wide swing in spending may be attributed to the tax reform law, which went into effect in January. In December consumers rushed to buy automobiles, appliances and other expensive products while the sales tax was still deductible from their income tax.

Personal income was unchanged in January, when figure on a seasonally adjusted basis.

The weakness of income growth and spending came one day after Mr Paul Volcker, chairman of the Federal Reserve warned the Senate Banking Committee of danger from the rapidly growing debt of US corporations and consumers.

Private wages and salaries increased $7bn in January, compared with $1.8bn in December, and government wages rose by $4.4bn.

Mitsubishi in extradition row

BY LOUISE KEHOE IN SAN FRANCISCO

US AUTHORITIES are seeking extradition from Japan of a former senior executive of the Mitsubishi Bank of California who has been charged with embezzling nearly $45m (£32.1m) from the bank through a "pyramid scheme" in which he alleged to have created almost $1bn-worth of bogus loans.

Mr Ira Reiner, Los Angeles District Attorney, said Mr Hirotsugu Mizuno, a former senior vice-president at the Los Angeles Bank, diverted the money to pay off gambling debts and to play the stock market.

Accusing the Mitsubishi Bank of trying to have the case dropped to protect its image, Mr Reiner said that although the bank had initially cooperated with his investigation, they were no longer being co-operative.

When it became clear that charges would be brought against Mr Mizuno, the bank transferred him to Japan and fired him, the district attorney said. Key witnesses were also transferred to Japan, he alleged.

A lawyer for Mitsubishi Bank of California denied, however, that bank officials were uncooperative. "We have co-operated fully with all authorities. Mr Reiner's office is aware that we have been discussing criminal prosecution in Japan where the individual is now believed to be."

Mitsubishi Bank also claimed that the extent of its losses as a result of the alleged scheme had been "exaggerated." According to the bank, losses amounted to only $130,000.

The case was apparently referred to the district attorney's office by California banking authorities who were notified of the alleged embezzlement

Australia unveils revised thinking on defence

By Chris Sherwell in Sydney

AUSTRALIA yesterday unveiled details of its revised strategic defence thinking and affirmed it would accord the South Pacific region equal priority with South-East Asia.

The plans, which clearly imply an expanded Australian security role in the region, were disclosed to Parliament by Mr Kim Beazley, Defence Minister. They follow a major review of Australia's defence policy and military capabilities.

They coincide with growing concern over possible superpower rivalry in the Pacific, worries over suspension of the Anzus alliance and unhappiness at French policy on nuclear testing and towards New Caledonia.

Speaking before publication of the Government's white paper on defence, due next month, Mr Beazley said Australia intended to give Pacific Island states "the same priority as we give to our much older and more substantial defence relations established with the nations of South-East Asia over four decades."

Without mentioning explicitly the Soviet Union and its activities in the Pacific, he said: "An unfriendly maritime power in the area could inhibit our freedom of movement through these approaches and place in doubt the security of overseas supply to Australia of military equipment and other strategic material."

Poor poll rating puts fresh pressure on Canada Tories

BY BERNARD SIMON IN TORONTO

CANADA'S troubled Progressive Conservative Government has suffered two new setbacks with the resignation of another cabinet minister and an abysmal showing in the latest opinion polls.

In another sign of turmoil, senior Tory strategists have reportedly urged Prime Minister Brian Mulroney to breathe new vigour into his 30-month old government by replacing his most senior advisers, including his principal secretary, communications director, press spokesman and senior policy adviser.

Mr Mulroney accepted the resignation of Mr Roch LaSalle as Minister of State without portfolio in the wake of disclosures that two of Mr LaSalle's former aides had criminal records, and that businessmen paid several thousand dollars each to hear an address by the minister on the award of government contracts.

Mr Lasalle, who for several years was the only Tory MP from Quebec, is the seventh minister to leave the Mulroney cabinet under a cloud since the Tories took office in September 1984. Earlier this year, a junior Transport Minister was dismissed for his suspected involvement in a Quebec land scandal.

The latest Gallup poll shows the Tories with only 22 per cent of popular support, compared with 44 per cent for the Liberal Party and 32 per cent for the left-leaning New Democrats.

The results put the Tories at the lowest level of any ruling party in Canada since polls were started 40 years ago.

France reinforces Chad troops

FRANCE is sending about 200 reinforcements to its former central African colony Chad, defence sources told Reuter in Paris.

They will join a French force of up to 2,400 sent to support Chad President Hissene Habre against an estimated 15,000 Libyan and rebel forces massed in the north of Chad.

France rushed about 1,000 soldiers and new equipment to Chad earlier this month following reports of a Libyan build-up north of the strategic "red-line" along the 16th parallel.

The reinforcement allowed France to set up positions in the east central towns of Abeche and Biltine, moving France's military presence nearer battle zones. The line had in effect split Chad in two until President Habre's army launched a drive last December to recapture the Libyan-held north.

Defence sources said the latest contingent would probably be responsible for improving air strips and offering other logistical support at the new French outposts, which are equipped with radar and anti-aircraft weapons.

Until the recent redeployment, France's defence force was largely limited to an area around the capital of N'Djamena. Part of an operation known as Sparrowhawk, the force was sent to Chad last February to help President Habre's army blunt a southwards drive by Libya and its rebel allies.

Le Figaro newspaper yesterday quoted Chadian sources as saying France planned to send around 1,500 new troops. A Defence Ministry spokesman said the report appeared to be exaggerated but refused further comment.

Chad has reported sporadic fighting in the north-west mountain region of Tibesti

Zambia set to hold talks with IMF, World Bank

BY VICTOR MALLET IN LUSAKA

ZAMBIA'S Central Bank has said it will not hold any more weekly foreign exchange auctions until the conclusion of talks between the Zambian Government and a mission from the International Monetary Fund and the World Bank due to arrive here next week.

The two sides are unlikely to reach agreement on the future of Zambia's economic reform programme before the beginning of March, Mr Michael Mwape, Bank of Zambia general manager, said yesterday.

President Kenneth Kaunda, in a move which perturbed western donor countries, suspended the auctions at the end of January and revalued the local currency, the Kwacha, to K9 to the dollar from K15.

Millions of dollars in aid which was to have been channelled through the auctions has now been blocked by the donors.

Haughey prepares post-election strategy

BY HUGH CARNEGY IN DUBLIN

MR CHARLES Haughey will begin talks next week to decide what to do about forming a minority government after Ireland's general election.

Yesterday, officials of his Fianna Fail party insisted there would be no deals with independent deputies or small parties to secure its position before the resumption of parliament on March 10. Mr Haughey will seek election as Prime Minister.

They said the deep divisions of the opposition meant that Fianna Fail could rule for some time without being toppled, in spite of winning only 81 seats, three short of the total required for a majority in the Dail (lower house).

Other parties did not dispute that Mr Haughey, who was spending the weekend on his private island off Ireland's west coast, would be elected Prime Minister. There was speculation, however, that he would seek some outside support to underpin his government as he did after the general election in February 1982.

Mr Tony Gregory, a left-wing Dublin Independent who won big concessions from Mr Haughey in 1982, has proposed that the Labour Party, with 12 seats, the Workers Party with four and another left-wing deputy form an alliance aimed at securing undertakings that the poor will not be adversely affected by spending cuts.

Apart from these groups, Mr Haughey could seek support from Mr Neil Blaney, a former Fianna Fail minister who is hostile to the Anglo-Irish agreement. Another independent, Mr Sean Tracey, is being tipped as Speaker.

In Mr Haughey's favour is the disarray in the ranks of his main rival, Fine Gael, led by Dr Garret Fitzgerald, the outgoing Prime Minister. It will have only 51 seats in the new Dail, down from 68, and is bound to need some time to regroup before contemplating another election.

The question of how long Dr Fitzgerald will continue as leader, though not yet being raised publicly, will also have to be resolved.

The other group in parliament, the Progressive Democrats, won 14 seats at its first attempt. It is deeply hostile to Mr Haughey, but, like Fine Gael, might not oppose a tough budget aimed at tackling the growing national debt.

Charles Haughey: retreating for weekend

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Down-to-earth technology puts Japan into space

JAPANESE technology took off for the skies yesterday with the flawless launch of the country's first observation satellite.

By nightfall, the Americans watching the launch at Tanegashima Island, 600 miles southwest of Tokyo, had packed their bags and gone home. From now, Japan's space programme will be mostly indigenous, with a sharply decreasing amount of technology bought or licensed from abroad.

If they want to, the Japanese can conquer space as they have done with so many earth-bound industries. It will, of course, take many years before their presence is felt.

Indeed, Tanegashima Island has a distinctly low-tech feel about it. At the range control centre, a computer engineer pads about in snoopy slippers. The buildings are furnished along the lines of an English middle school, with workers squeezed together at metal desks. Inspite of its semi-tropical climate, the island's few towns are scruffy, its roads dotted with rusting automobiles and its beaches marred by telephone poles and pilings.

While the island may not look like an American or European space centre, the Japanese have been spending about Y110bn (about £475m) a year on their space programme since 1981. This year, including private sector funding, they will spend nearly Y140bn on space.

Carla Rapoport, recently in Tanegashima Island, on the coming of age of Tokyo's satellite programme

The launch yesterday put a state-of-the-art satellite into orbit, the 16th in a series of perfect launches by the Japanese. Within five years, Japan will be launching satellites with their own rockets. By the end of the decade they are expected to be launching manned space vehicles.

Japan's National Space Development Agency (Nasda) wants to get into the commercial satellite launching business when its totally indigenous H2 rocket is ready for business in 1992. It is already in discussions with Nippon Telephone and Telegraph, as well as NHK, Japan's BBC, about possible satellite business in the 1990s.

It is also participating in the US space station project, building a Japanese experimental module to be attached to the project when it is launched in 1994. Discussions on re-entry vehicles which would be required for manned space flights are underway.

The information to be collected by the marine observation satellite (MOS-1) launched yesterday will not be marketed, but as a test of Japanese launching and satellite technology, it appears to be passing with high marks. The satellite was boosted into space by the last of the N-series rockets, based on the Delta-series developed by McDonnell Douglas of the US.

Mr Jim Burton, president of McDonnell Douglas Japan, was unqualified in his opinion: "The Japanese technology is tops and they can do anything anyone else can do, maybe even better."

Indeed, the Americans would much rather the Japanese moved into space - rather than military aircraft, a field in which the US enjoys a positive trade balance with Japan.

One of the reasons for the Japanese success in space is the generous funding it has enjoyed. According to senior Nasda officials at the space centre last week, the cost of putting the MOS-1 satellite into orbit was Y30m per kg. This is about 3.5 times the desired cost of Y8m a kg.

The Japanese are fully aware that the European Space Agency, the Americans and even the Chinese have cheaper launch facilities. The next few years, they say, must be devoted to getting their costs down.

Mr S. Soneyama, executive vice-president of Nasda, says: "When we move to commercial launch we cannot adapt these (former methods) exactly . . . We have to have better reliability, lower cost and high performance and these three factors are not compatible . . . We have to build a competitive edge."

"Yes, we can do it cheaper and more efficiently for commercial launch—we can accommodate a global market," says Mr Masashi Mochizuki, chief of launch operations. "At present, we are the most expensive. So we must get our costs down. Maybe we fabricate too carefully. This care for detail could lead to failure if the result is too expensive. Maybe we must go into mass production."

Nasda's main contractors, companies such as NEC, Toshiba and Mitsubishi Electric, are coy about their commercial plans for satellite development and possible export.

Toshiba says: "We realise in terms of satellite markets, Japan's domestic market is limited. For our business to grow, we will have to seek overseas markets. But it is too early for us to reveal our definite plans to launch an international business of satellites in the fuutre."

First, Nasda says, Japan will market its launching capacity to other countries, probably starting in Asia, and try to win business from domestic companies using foreign launch pads. Mr Yukio Haruyama, a senior official in program planning, says: "Our selling point will be reliability to start with."

After the H2 rocket launch in 1992, Nasda expects to get more users and build perhaps four or five more launchers. A new launch site is under development in Tanegashima. Nasda expects to use the H2 rocket for sending transport vehicles to the space station as well.

Japan's satellite launching ambitions are currently limited for a very earth-bound reason. Negotiations with fishermen on Tanegashima Island have restricted satellite launches to two 45-day periods, one in summer and one in winter. To launch more satellites, Nasda will have to go back to the fishermen and probably pay more compensation for scaring away the fish. In spite of the Japanese love of fish, however, it is a sure bet that space will win the day.

Consortium plans to spend Y62bn on telecom service

BY IAN RODGER AND DAVID THOMAS

THE CONSORTIUM bidding for the franchise for Japan's second international telecomunications service, in which Cable and Wireless of the UK is a leading partner, is proposing to spend Y62.4bn (£267m) on the project to begin with.

This was revealed yesterday by International Digital Communications Planning (IDC) when it published the main points of its feasibility study.

IDC believes political lobbying will now play an increasingly important part in the decision and expects Mrs Margaret Thatcher, the British Prime Minister, to press the Japanese to allow foreign participation in the franchise soon.

IDC says its bid should be strengthened by its feasibility study showing it can break even after six years inspite of its heavy investment. Some Y36.2bn of its investment would go on a new Japan-US cable, the rest being mainly earth stations and switching centres.

Japan's Ministry of Posts and Telecommunications is opposed to non-Japanese interests having a significant stake in the venture.

The ministry has been trying, without success, to merge IDC and its rival consortium, the all-Japanese International Telecommunications Japan (ITJ). ITJ is proposing to lease existing circuits rather than build its own infrastructure.

IDC's feasibility study predicts that Japan's international telecommunications market will nearly treble by 1995 to be worth Y600bn.

It forecasts it will win 9 per cent of the market now monopolised by Kokusai Denshin Denwa (KDD) by its eighth year of operation. It is planning to set its prices about 20 per cent below those of KDD.

If both those assumptions prove accurate, IDC would start making trading profits in its sixth year of operation, the study says.

ITJ, which published the results of its study in October, indicated capital spending of Y23bn and profits after only three years.

Sri Lanka concludes offensive

SRI LANKA said yesterday it had successfully ended its largest offensive against Tamil rebels and begun moving in a fresh batch of 2,000 troops to replace combat-weary ones in recaptured areas.

A government spokesman told Reuters: "The offensive has been concluded and there have been no major incidents from February 17."

His statement came a day after President Junius Jayewardene proposed to resume peace talks with separatists who lost control of some areas during the two-week offensive in northern and eastern provinces.

Mr Jayewardene offered to end military operations against Tamil rebels and lift a seven-week-old fuel embargo on their stronghold Jaffna if the Liberation Tigers of Tamil Eelam stopped fighting and negotiated to end the ethnic conflict.

Michael Dixon finds a desperate gaiety in the election for Oxford University's chancellor

Masters of the political art take to the hustings

Poll Rivals: from left, Edward Heath, Lord Blake and Roy Jenkins

"GORBLIMEY," said the distinguished vice-chancellor of the University of Salford. Professor John Ashworth, former Government Chief Scientist, had just discovered a potentially embarrassing gap in his knowledge.

He was discussing the coming election of a new chancellor of Oxford University, where he graduated in both chemistry and biochemistry about 27 years ago. The question of who will succeed the late Lord Stockton is stimulating a political fizz a trifle disproportionate to the chancellor's duties, which are predominantly if not entirely ceremonial.

SDP notables plan to campaign hard for Mr Roy Jenkins, the party's first leader. Some Conservatives, at least, will do likewise for Mr Edward Heath's attempt to fill the post with a second successive former prime minister. Their sole competitor so far is Oxford's internal candidate—Lord Blake, the Provost of Queen's College—although nominations don't close until March 2.

The election is an elaborate affair, with all Oxford's masters of arts entitled to vote if they travel to the 800-year-old university during March 12-14. But Professor Ashworth, exiled in 20-year-old Salford, will not be making the trip.

"I've come to regard Oxford as like a different sovereign state," he said. "They do things differently there."

That remark led smoothly to the question of how Salford University appoints its chancellor, which in turn led somewhat less smoothly to the vice-chancellor's "Gorblimey." For it turned out that he did not know.

"When we were set up in 1967 my predecessor Dr Clifford Whitworth found we were a Royal Manor and wrote to Buckingham Palace saying would they like to come up with someone to be our chancellor.

"They did — with Prince Philip — and he has done wonders for us. But as he has been here ever since, I've never thought about replacing him.

"Hold on, I'll look in the Royal Charter. It must be in there somewhere . . . No. It says we must acquire a university chancellor who shall be the head of the university. But it doesn't seem to tell us how. I can't find it for the minute, I'm afraid."

The information was more readily available at the University of Leicester, not least because it has appointed three chancellors during its 37 years of full university status.

"We set up a small committee which considers nominations and makes a recommendation to our council and senate. So far, the proposals have gone through on the nod. They've all been Fellows of the Royal Society and Nobel Prize winners. Our present one is Sir Alan Hodgkin," said Mr Maurice Shock, the Leicester vice-chancellor who is also chairman of the Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom.

Like his counterpart at Salford, Mr Shock is an Oxford graduate. But unlike Professor Ashworth he will soon return there — not just to cast his vote, but to become rector of Lincoln College.

He is also partly responsible for Oxford still having its elaborate procedure for electing a chancellor. Mr Shock was one of the seven members of the committee led by Lord Franks which was set up by the university in 1964 to propose — in the event mostly vainly — how best to bring it up to date.

"We very seriously considered the abolition of the chancellorship in its present form, along with the other singularly intricate procedure for appointing the professor of poetry," said Mr Shock.

"In the end, however, we decided to preserve both. For one thing, they do allow old university members to participate in something occasionally. At the time we did not suspect that the chancellorship would ever excite such political interest outside the context of Oxford. We viewed it has simply adding to the gaiety of nations."

In the meantime, Professor Ashworth at Salford had managed to find its Royal Charter's instruction on how to come by its future chancellors.

"They have to be appointed by the court—that is a body of about 200 people, including local mayors and so on, as well as staff and the president of the student's union — on a recommendation from the council and senate meeting in joint session," he said.

"And it's a good thing you asked me, because they may not continue in office after they're 70, and the Duke of Edinburgh will be 66 this summer. So we'll need to be thinking about a successor soon. You know how slowly universities move in these affairs," said Mr Shock.

"But when we do make our next appointment I can't see it attracting much media and political attention—which is all to the good. After all, here we are, the least-skilled population in the western world and education money being cut, the only things going on in our oldest university that get the press and the public talking are drugs scandals, the boat race, and the chancellorship." Mr Shock's right to say it adds to the gaiety of nations. But it's a rather desperate gaiety, all the same.

EEC lends £31m to help regions

THE WEST Midlands, Cardiff and the Tayside region of Scotland are to benefit from loans totalling about £31m from the EEC.

The money will be used to help infrastructure investments in these regions, which have all suffered a decline of traditional industries.

The Severn Trent Water Authority receive about £20m towards a large, integrated land drainage and sewerage system covering the Upper Tame river basin in the West Midlands conurbation. South Glamorgan County Council will receive £6m for improving roads to industrial sites and to help regenerate derelict areas in the docklands area of south Cardiff. Tayside Regional Council will receive £5m for road, water and drainage works.

The loans are from the European Investment Bank, the EEC's bank for long-term finance.

Council loses rate support grant case

AN ATTEMPT by Birmingham City Council to force Mr Nicholas Ridley, the Environment Secretary, to put his new Rate Support Grant proposals before Parliament as soon as possible, failed in the high court yesterday.

Two judges ruled that Mr Ridley, who has deferred making his report until new legislation comes into force, was not in breach of his statutory duty because of the delay.

The city council had argued that it could be forced into making a vast rate increase next year, and generally not be in a position to calculate a realistic rate.

Foster Wheeler sells S African operation

FOSTER Wheeler Energy, the British affiliate of Foster Wheeler of the US, has sold its South African engineering operation to three senior members of local management for an undisclosed

Swansea to Cork car ferry announced

A CAR ferry service linking Swansea with Cork in the Irish Republic is to be launched in April. A 900-passenger and 170-car capacity ferry will operate five return sailings a week on the 10-hour route during the summer peak.

MPs back bill giving right to see personal files

BY TOM LYNCH

A BILL to give people the legal right to see information held about them in the files of authorities and companies was given an unopposed second reading in the Commons yesterday, but it faces severe pruning to satisfy Government objections during its committee stage.

Mr David Waddington, the Home Office Minister of State, said the Government did not oppose the principle of the Private Member's Bill, but he poured cold water over its scope and its practicability.

However, it became clear that the Bill's suporters would try to persuade the Government to allow it a wide scope than Mr Waddington indicated as acceptable, particularly in the fields of medical and employment records.

The Access to Personal Files Bill allows access to records relating to health, education, housing, social services, benefits, employment, banking, credit, building societies and immigration.

Mr Archie Kirkwood (Lib, Roxburgh and Berwickshire), sponsor of the bill, said decisions relating to peoples' lives were in danger of being made on the basis of records containing defective information.

He said it was inconsistent that people had access under the Data Protection Act to information held on computer disks while they had no right to see identical records if kept in manila folders.

Mr Austin Mitchell (Lab, Great Grimsby), one of the bill's supporters, said the argument against it was simply administrative convenience, or "the desire of the bureaucrat not to be troubled." It was wrong that peoples' lives could be affected by files containing, "gossip, misinformation and prejudice."

Mr Robin Corbett welcoming the bill from the Labour front bench, said Britain had become "a citadel of secrecy." He gave a firm pledge that a future Labour government would have "a full-hearted commitment to access."

Mr Waddington said the Government "cannot accept a bill of the size and range" of Mr Kirkwood's measure, and he set out how far the Government was prepared to go. The scope of the bill would have to be limited to health, education and social services files held by local authorities. To extend it to Whitehall would involve potentially large costs in extra bureaucracy.

He made it clear he would want to see the bill imposing a duty on councils which could be defined in regulations rather than in law. Councils might then be compelled to report on how they were complying with the law. He hoped the bill could be amended in committee to produce "a modest and workable measure."

The bill's supporters expressed disappointment with the Government's attitude, but were prepared to accede to its demands in order to achieve some progress. However, the Government will be under all-party pressure to change its stance on medical records.

Mr Robin Square (Con, Hornchurch), spoke for many on both sides of the House when he asked: "By what right do doctors deem it right that should deny people details of their own lives and their own illnesses and ailments?"

There will also be pressure for a move on documents regarding employment prospects after this week's TV programme claiming that the Economic League, a right-wing pressure group, was operating a "blacklist" based on potentially faulty information.

Mr Mitchell said after the debate he would press for an amendment in committee to cover such activities, but it would be difficult to draft. The bill's supporters would be wary of pressing the matter if it met resistance from the Government.

FT wins copyright action

FT Business Information which publishes the Investors Chronicle, yesterday accepted agreed damages and costs in a High Court copyright action over the use of its news material in Textline, a computer database service operated by Finsbury Data Services Ltd.

***Mr David Kitchin,* counsel for the Financial Times, said it was not until the FT subscribed to the Textline service in 1984 that it realised some 75 pieces of editorial were being abstracted wholesale from the newspaper and used in the service.**

"FDS now accept that its abridgments in certain instances infringed the literary copyright in the articles or reports from which they were prepared," he said.

It also accepted that the wholesale use of the contents of the FT's newspaper and magazine without permission made unacceptable use of its labour, skill and judgment.

FDS had agreed to pay compensation in respect of the use made of material up to yesterday, and the FT had granted it a licence to continue to use material already on its database, with the undertaking it would not infringe copyrights in the newspaper or magazine in respect of individual articles and as compilations except with permission.

ECONOMIC DIARY

TOMORROW: The Group of Seven leading industrial nations meet in Paris to discuss greater economic co-operation and stabilising currencies. EEC Foreign Affairs Ministers start two-day meeting in Brussels.
MONDAY: CBI monthly trends enquiry (February). EEC Agriculture Council meets in Brussels. EEC Research Council starts two-day meeting in Brussels. OAU Council of Ministers meets in Addis Ababa (until February 28). Merchant banker Mr Geoffrey Collier to appear at Wimbledon Magistrates Court accused of share dealing offences. Stock Exchange conference on the aftermath of the Big Bang market restructuring (until February 25).
TUESDAY: EEC Internal Market Council meets. London Daily News launched. Mrs Margaret Thatcher attends Institute of Director's annual convention at the Royal Albert Hall. Commons energy committee issues coal industry report.
WEDNESDAY: Construction—new orders (December). EEC Economic and Social Committee in plenary session (until February 26). Labour Party National Executive meets. Sir Geoffrey Howe, Foreign Secretary, visits Bonn for informal talks. TUC General Council meets. UN sponsored peace talks between Pakistan and Afghanistan in Geneva. Hong Kong and Austrian budgets.

THURSDAY: Energy trends (December). New vehicle registrations (January). Greenwich by-election. Nato deputy defence ministers meet on arms co-operation in Brussels. Algerian general election. TGWU conference on organising part-time and temporary workers at Wembley Conference Centre. Philips results. Royal Insurance preliminary figures.

FRIDAY: Sales and orders in the engineering industries. Company liquidity survey (fourth quarter). Finished steel consumption and stock changes (fourth quarter-provisional). Balance of payments current account and overseas trade figures for January.

Thatcher dashes hopes of 25p income tax rate

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

MRS THATCHER last night appeared to kill off speculation that Mr Nigel Lawson, the Chancellor, could be planning to reduce the basic rate of income tax to 25p in the pound.

Questioned on Yorkshire Television whether she was going to achieve a 25p rate, she replied: "Eventually. But I think it will be eventually."

There have been suggestions that given Mr Lawson's *considerable room for manoeuvre*, he could contemplate the 4p cut required to meet the Prime Minister's stated determination to reach eventually the 25p target. Such a one-step reduction from the current level of 29p has always seemed unlikely, although the standard rate is expected to be reduced on March 17.

Mrs Thatcher denied that there was a moral case for raising public spending, rather than cutting income tax. She said the country was based on the family unit and there was no point taking so much money from people that they could not look after their homes, children and older relations.

Mrs Thatcher: Denied case for more spending

She emphasised that any cuts *in taxes* would not be aimed at buying votes but in continuing the reduction in income tax from the basic 33p rate when she came to power.

Mrs Thatcher also rejected claims by *Labour leaders that a* re-elected Tory Government would double the rate of VAT to pay for Budget tax cuts. She said the suggestion was "absolutely ridiculous."

The Prime Minister, who denied that her visit to the north was the beginning of electioneering, repeated her belief that no Government should take more money in taxation than was necessary "to have good defence, good law, good social services and education."

She also attacked the idea of a coalition after the next general election. She said Britain had been strong because it had not been forced to tolerate coalition parliaments.

She said: "That is not our way. *I like to know where I* am going. I like to make it absolutely clear what our policies are. People know we are strong and they know the direction in which we are going."

She said it was most encouraging that more jobs were being created and that unemployment was finally falling.

Jenkins writes off Kinnock poll hopes

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

MR NEIL KINNOCK, the Labour Party leader, is no longer a real challenge to Mrs Thatcher, Mr Roy Jenkins, the former Social Democrat leader, said yesterday.

He said a majority Labour government after the next election has ceased to be a *serious possibility*.

"The idea that a party which is struggling desperately in Greenwich to hold a seat which has been Labour's since 1945 can, *in a few months*, achieve the biggest turnover of seats in post-war history is simply incredible," he told the annual conference of the Scottish SDP in Aberdeen. The SDP campaign in the Greenwich by-election was going "excellently," he said.

Mr Jenkins said Mr Kinnock had "become incredible too." *He was "an amiable* man with no very settled opinions except for a strong but ineffective desire to be Prime Minister."

In a speech which received a standing ovation, Mr Jenkins said the Liberal-SDP Alliance had had a "lucky escape" from the problems of disunity which had afflicted it last autumn. He warned the conference that "disunity is poison to the Alliance." Because its "opponents will always shine the searchlight on the seam where we join to see if there is *a stitch coming apart*."

Later Dr David Owen, the SDP leader, told the conference that on the basis of opinion polls now showing support for the Alliance standing at 25 per cent "unless we shoot ourselves in the foot, we will enter the next election at a higher base than we entered the last election."

● Sir Geoffrey Howe, the Foreign Secretary, claimed yesterday that Scotland had a "very high place" in the Government's priorities. He *told a Conservative lunch in* Edinburgh that Scotland was not "hard done by. Since 1979 Scotland's share of all regional development grants has risen from 21 per cent to 30 per cent.

Changes at Guinness Peat

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

MR ALASTAIR MORTON's appointment as co-chairman of Eurotunnel *yesterday brought to* a head a series of planned management changes at Guinness Peat, the financial services group.

Mr Morton relinquishes his *title as chief* executive but will become chairman, a move long signalled by the intention of Lord Croham, the present chairman, to retire on March 1.

Other changes reflect the development of the group after its emergence from a three-year reconstruction period following heavy losses in 1980-82. Since then there has ben a gradual *return to profits, and in the year* to last September it made £18m pre-tax.

As executive chairman, Mr Morton will be immediately backed by two deputies, Mr *Geoffrey Knight, who has been* in charge of insurance broking, and Mr John Sclater, who will take charge of Guinness Peat's banking arms, Guinness Mahon Holdings and Guinness Mahon.

Mr Michael Kerr-Dineen, already a director of Guinness Mahon Holdings and chief of US operations, will take charge of fund management on both *sides of the Atlantic.*

These three activities constitute the core of the Guinness Peat business, and the changes below the level of the chairman, *which would have taken* place regardless of Mr Morton's move to Eurotunnel, presage new expansion.

Tory MP may have to apologise to Speaker

By Tom Lynch

A CONSERVATIVE MP may *have to apologise to Mr Bernard* Weatherill, Speaker of the Commons, on Monday after appearing to question his impartiality in the current round of bitter *personal* attacks between Tory and Labour leaders.

Mr Richard Hickmet, MP for Glanford and Scunthorpe, issued a statement yesterday complaining that Mr Weatherill "has not lifted a finger" to stop Labour attacks on the Prime Minister's character, integrity, honesty, patriotism and style of government.

Earlier this week, Mr Weatherill ruled that motions signed by Tory backbenchers attacking Mr Neil Kinnock, Leader of the Opposition, as unfit to govern were *irregular and* not a proper subject for debate. Mr Hickmet who was not in the House said yesterday: "What is sauce for the goose is sauce for the gander and we look to the Speaker to be even-handed in these affairs."

Mr Alan Williams, a Labour spokesman on Commons affairs, complained that Mr Hickmet *had made* "a serious and possibly unprecedented allegation outside the House. What action can the House take to protect the chair from such verbal thuggery by junior and petulant members?"

Mr Peter Shore, shadow Leader of the House, demanded a statement and apology from Mr Hickmet.

Mr David Waddington, Home Office Minister of State, who was also in the chamber, quickly distanced the Government from Mr Hickmet's statement. "If the reports are in any way correct, then the Government would deplore them," he said. He urged Mr Hickmet to seek an appointment with the Speaker to explain what he had said.

Mr Williams said in a statement later that Mr Waddington's response was "very telling. The minister came straight to the despatch box, shot his colleague and announced that he would ask questions afterwards. The body was left on the floor of the House."

● Mr Kinnock, speaking in Bristol, blamed Mr Norman Tebbit, Conservative Party Chairman, for not controlling MPs behind the personal attacks on himself and his wife. He described Mr Tebbit as a "political street fighter" and predicted a "dirty election."

Warning on tax plan for 'stars'

By David Churchill,

INTERNATIONAL entertainers and sports stars may decide to boycott the UK if new tax laws come into force in the spring, a leading tax accountant claimed yesterday.

Mr Maxwell Nisner, a partner in Deloitte Haskins and Sells, the accountancy firm, said: "The proposed new withholding tax rules for overseas entertainers and sports personalities could *well result in substantial* financial losses for the UK."

He said that if artistes decided not to come over on tours, this could lead to job losses in the media industry.

The regulations, announced in the last Budget, are due to come into force at the beginning of April.

Mr Nisner claims the rules *will discourage overseas artistes* and athletes from making appearances in the UK and using the wide ranging services provided by UK businesses.

N Ireland fire service expands

AN £18m programme to expand Northern Ireland's fire service over the next three years was announced yesterday. More than £8m will be spent on building 11 fire stations and upgrading four more.

The rest will help to modernise vehicles and continue the redevelopment of fire service headquarters.

Announcing the plan in Belfast, *Mr Richard Needham*, Northern Ireland Environment Minister, said the building work would create about 110 jobs

Peter Riddell reads the poll entrails at Greenwich and nationwide

No mean time for the Alliance

IF ANYBODY can feel reasonably satisfied at the end of a political week of feverish mudslinging and self-inflicted gaffes it is the SDP-Liberal Alliance.

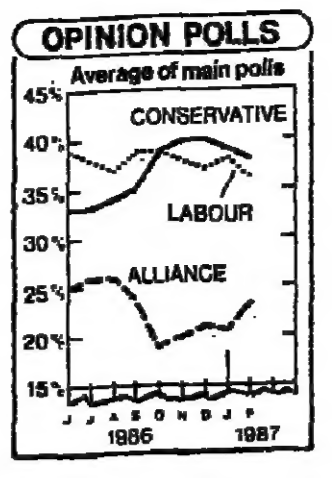
Not only does the SDP candidate appear to be closing the gap on Labour in next Thursday's Greenwich by-election, but the Alliance's national rating is clearly picking up.

The message of the polls has recently seemed confused, partly because of fluctuations in a couple of surveys, notably Gallup. But taking an average of all the main national surveys indicates the underlying trend.

On this basis the Alliance's rating in February averages 23.4 per cent. This compares with 20.5 per cent last month and a range of 19 to 21 per cent *in* the final quarter of 1986. What Dr David Owen, the SDP leader, has described as a "kick-up" probably reflects the impact of the Alliance's big publicity drive and rally towards the end of last month.

Even after this pick-up the Alliance's rating is still below the level of last summer, before its *open split on nuclear* defence policy, and below the percentage of votes achieved in the 1983 General Election.

The fluctuations in Alliance support are naturally of crucial importance for the other two parties. In the past there has mainly been a net shift between *the Tories and the* Alliance (though with obviously considerable cross-movement between all the parties).



In the past month the Alliance *seems to have* picked up support in the ratio of roughly two to one from Labour as against the Tories.

Labour support has dropped nearly two percentage points in the month, to 36 per cent. This compares with a range of 37 to 39 per cent for the second half of last year.

This is clearly not irreversible, but the frank doubts earlier in the week of Mr David Blunkett, Labour leader of Sheffield City Council, about the party's ability to win the election touched raw nerves in the leadership.

Privately many Labour leaders consider that an outright majority cannot be achieved. While forming a minority Government is still possible in theory, the main realistic objective is to deny the Tories an overall majority.

This in turn depends on success by the Alliance, given Labour's apparent inability to break through the 40 per cent barrier in the polls.

The Tories' rating has slipped slightly in the past month to just over 38 per cent from 39 per cent in January and about 40 per cent at the end of 1986. The net result has been to expand the Tories' lead over Labour from the neck-and-neck position of the end of January.

By *the conventional yardstick* these figures would mean that the Tories would fall some 10 to 15 seats short of an overall majority in the Commons.

However, this conventional yardstick may be misleading.

Three recent surveys of marginal seats have each shown that the Tories are doing relatively better and Labour relatively worse in the seats where the election will be decided than nationally.

A Mori survey for The Times this week indicated that Labour advance since 1983 had been concentrated in its safest territory and in its most hopeless.

An *uncertainty* is whether these differences would hold up during the course of an election campaign, when the intense competition and activity usually seen in a *marginal seat* could help Labour.

Even if, as the bookies' odds suggest, the Tories are well placed to win a third term, the present poll findings *do not* guarantee outright victory. The gap between the two main parties is still too narrow for Mrs Thatcher to feel absolutely confident *about calling an election* on May 7.

But the political mood now is volatile, and a self-fulfilling momentum could develop after the *Greenwich by-election*, where a Labour loss or even a narrow win would be far worse for Labour morale and standing than a Tory third place: the Budget on March 17; and Mrs Thatcher's Moscow trip at the end of next month.

However, as the 1983 experience showed, Mrs Thatcher is instinctively cautious about going to the country early.

Longbridge wins new Austin Rover model

BY JOHN GRIFFITHS

THE medium-sized car being developed jointly by Austin Rover and Honda, is to be built at Austin Rover's Longbridge plant near Birmingham.

A manufacturing agreement with Honda is to be signed "shortly." Mr Graham Day, Rover Group's chairman, has said in a letter to Austin Rover's employees *identifying* Longbridge as the site for production of the model, called the AR8.

The workforce has also been assured that no further redundancies *or plant* closures are envisaged within Austin Rover arising out of the Government approval of Rover Group's corporate plan.

The assurance was contained in a second letter to employees, *from* Mr Les Wharton, Austin Rover's managing director.

The AR8, intended to replace the Rover 200, Maestro and Honda Ballade models, is projected *for launch in 1988-89*.

Currently the Longbridge plant, which has an annual capacity of 400,000 cars, builds the Mini (recently reprieved until 1991 by Mr Day), Metro and Rover 200. The plant built 250,000 cars last year, so there is much unused capacity.

The Cowley plant, near Oxford, has received most of Austin Rover's £300m investment, since 1983. It is building the Rover 800/Honda Legend executive car range and this will shortly be joined by hatchback 600-series models, the *Maestro* and Montego.

The plant produced 160,000 cars last year, compared with a capacity of 250,000.

However a substantial expansion of Rover 800 production is scheduled for this year, following the model's launch in the US and its launch next month on the Continent. Cowley is also taking on 500 more workers to increase Montego *output from* 1,300 to 1,700 cars a week.

It now seems to be Longbridge's turn for a fresh round of investment.

There will still be capacity at both plants to build further models under contract for Honda, whose dealers currently sell Ballade models produced on the Rover 200 lines at Longbridge.

Ford denies yielding on S Africa

By John Griffiths

FORD UK yesterday rejected *claims bythe* Anti-Apartheid Movement that it had succumbed to pressure and was "running down" its exports to South Africa.

Ford's exports to South Africa have plunged from about £127m in 1981 to about £8m expected this year.

The business has dwindled of its own accord, for purely commercial reasons, Ford insisted yesterday: "It is not a case of being pushed. It has fallen all on its own," the company said.

In 1981 Ford UK supplied Ford's then wholly-owned South African subsidiary with both kits and fully built-up units of the Cortina, at the time the UK's top-selling model. Much of this business disappeared when the Cortina was replaced by the Sierra.

Ford South Africa was merged in 1985 with the Anglo-American Corporation to become Samcor, in which Ford now has only a token stake.

This further loosened the *ties with Ford UK*, whose exports of body panels and other parts for Sierra, which by then Samco was building, fell to £47m that year as South African content built up.

Another significant break with Samcor came with the collapse of the UK light pick-up market in late 1985.

The Cortina-based P100 pick-up imported by Ford from South Africa was the clear market leader, with 7,439 sold in the peak year of 1983.

But by 1985 *interest* in pick-ups was on the wane, and Ford decided to stop importing the model last year.

European Commission to probe Leyland £750m debt write-off

BY WILLIAM DAWKINS IN BRUSSELS

THE EUROPEAN Commission *is investigating the legality of* the Government's proposal to write off Leyland Vehicle's £750m accumulated debt in order to clear the way for the Daf takeover.

London notified Brussels authorities in December that it intended to grant an unspecified amount of aid to the truck concern as part of a merger. As a result the Commission asked all interested parties to submit their comments by the end of this month.

British officials are due to meet Commission competition experts soon to discuss final details of the package. It could be several weeks before the Brussels authorities give their view on whether the deal is allowed under EEC competition law.

The Commission's position is officially neutral. However, *officials hinted this week that* the aid might be seen as reasonable because it was a key component of a European merger that could help rationalise a truck industry struggling under the burden of 40 per cent production overcapacity.

The investigations are a routine, frequent consequence of article 92 of the Treaty of Rome—the EEC's founding charter—which says state aid is not allowed unless it does not distort competition, is in the Community's interests or is given to alleviate dire economic need.

In theory this gives the Commission scope to decide that the Leyland Vehicles-Daf merger would be in the EEC's interest, along with the UK aid package that goes with it. Independent lawyers in Brussels pointed out that the write-off might also be justified on the grounds that *it was a one-off payment* made to avoid a greater liability.

But if Brussels authorities decide against the aid, they can refuse the British Government permission to write off the loan. That would leave the two companies free to merge, though it *might diminish the price* that Daf was prepared to pay.

UK banks protest to Channon over SIB rules proposal

BY DAVID LASCELLES, BANKING EDITOR

UK BANKS have complained directly to Mr Paul Channon, the Trade Secretary, over the Securities and Investment Board's proposed rules on polarisation.

Polarisation is the requirement by SIB that banks separate their roles as bankers and sellers of investment products *to avoid conflicts of interest.* The banks argue that this would be costly and involve them in excessive disclosure.

Sir Donald Barron, chairman of the Committee of London and Scottish Clearing Bankers, said in a letter yesterday that the banks were "most disappointed" by the way SIB had handled the matter, and offered to discuss it personally with Mr Channon.

Sir Donald said polarisation "*is an unnecessary complication* which would add little or nothing to investor protection." It would also put banks at a competitive disadvantage to specialist companies.

He argued that different rules should apply to banks than to other investment organisations, and that unit trusts and life assurance—the *main products covered by* polarisation— should be treated separately.

SIB has refused to alter its proposals despite the banks' pressure. It believes that the rules should be designed to protect the interests of investors rather than financial conglomerates and that exceptions cannot be made without creating anomalies. The argument over polarisation has turned out to be by far the most heated *of the issues still awaiting* resolution at the SIB.

Sir Donald's letter was sent as *ministers prepare for a* Commons debate next Tuesday *on SIB's* proposed rule as part of the process of authorising it as the regulatory body for the financial services industry.

Carriers of illegal immigrants may be fined

By Michael Donne, Aerospace Correspondent

THE GOVERNMENT was "*urgently*" considering taking powers to impose financial penalties on airlines and other carriers which bring people into the UK without the necessary *travel documentation*. Mr Douglas Hurd, Home Secretary, said last night.

The Home Office said such powers and penalties "may need to be retrospective." No details are available about when they would be introduced, or the scope of the penalties, but they are likely to be extensive, in an attempt to *stamp out the* tide of illegal immigration into the UK.

The airlines are already legally required to check passengers' travel *documents* from countries where visas for the UK are required.

Moreover, if they carry passengers who are subsequently deported, they *must bear the* cost of deportation, as well as the UK accommodation costs.

The airlines, believe they are already as tough as possible, and argue *their check-in staff* and other locally-based officials are not trained to detect travel document forgeries.

But the Government clearly *feels the illegal immigrant situation* is getting out of control. The problem has reached the proportion of several hundred illegal immigrants *every month*, especially *from* such countries as Sri Lanka and other south-east Asian territories.

While tougher conditions on *the issue of visas and passports* can help, the Government feels the airlines and other carriers should get tougher in their check-in and pre-boarding scrutinies.

The only way to ensure this is to impose a penalty on carriers who fail to detect illegal travellers.

The UK is following the example of other countries, such as West Germany and Canada, who have faced similar problems dealing with people arriving without proper documentation. Those countries already have powers to impose financial penalties on carriers, which are frequently implemented.

But the airlines *are bound to* protest that the only way to detect would-be illegal travellers is through an extensive programme of training of locally-based staff.

Due to heavy passenger traffic from the countries involved, it is believed that passenger handling delays could arise unless methods are devised to cope with the necessary additional screening. A pressing question is who would pay for such additional measures.

The Home Office *steps* will affect airlines and carriers of all nationalities serving the UK. British Airways, the biggest carrier between the UK, the Middle and Far East and South East Asia, would be likely to be severely affected.

Last night, BA was considering the Home Office statement.

Southampton shiprepairer to shed 152 jobs

By Lynton McLain

MORE THAN 150 jobs are to go at Vosper Shipreparers' yard at Southampton, according to Price Waterhouse, the accountancy firm called in on Wednesday to administer the company.

Mr Mark Homan, Price Waterhouse director of insolvency services, had said on Wednesday there was little chance of keeping Vosper Shiprepairers in *business*, because of mounting debts and a lack of orders.

The appointment of administrators for companies in difficulty was made possible under the 1986 *Insolvency Act*, with the aim of attempting to increase the opportunities for maintaining them as going concerns.

Mr Homan said the redundancies at Vosper Shiprepairers were designed to put the company on a "low cost basis while I seek a buyer for the assets."

He said the 152 redundancies would leave Vosper Shiprepairers with a "full operating capability with the core team of 54 key employees remaining *with the company*." Such staff included senior management, technical personnel and skilled tradesmen. They would enable the company to take on any ship repair work that may be forthcoming.

At the moment the company had "very, very little work." Mr Homan said. He had received a number of initial inquiries about the company.

Mr John Simons, regional chairman of the Confederation of Shipbuilding and Engineering Unions, said the idea of a workers' co-operative was being explored to keep the yard open.

Gambling on AIDS drug gives Wellcome a happy anniversary

Tony Jackson on the fears behind stock market enthusiasm for the AZT breakthrough

THE WELLCOME Foundation celebrated its first anniversary as a public company last week in remarkable style. On Friday 13, just 364 days after its debut on the London Stock Exchange, Wellcome's shares shot up by a quarter, from 300p to 374p.

Considering they had been offered a year before at 120p, this was striking enough. Since then they have been as high as 450p, but have also been *remarkably unstable*—slumping by 10 per cent in about an hour on Thursday, for instance, as the market vacillated between greed and fear.

At the root of it all is AIDS. Wellcome's drug Retrovir (also known as AZT) is, in spite of serious *imperfections*, the world's most advanced AIDS treatment in terms of clinical trials.

On Friday 13 Wellcome had *news of Retrovir.* Its *price in* the US—where official clearance is expected any day now—is to be $1.88 (£1.23) per capsule. At 12 capsules a day, this would work out at a formidable $8,200 per patient, per year.

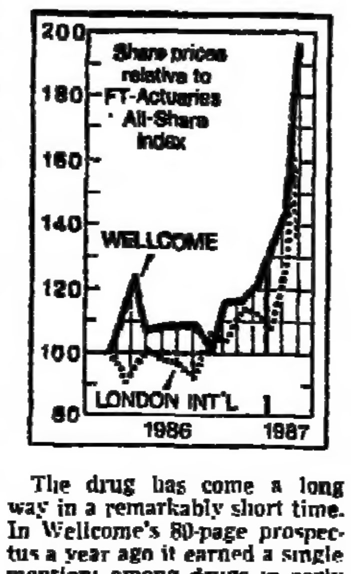
But the price had been widely expected to be that high, and the shares were in any case strong before the announcement. Earlier in the day, *brokers had assumed that* Wellcome's shares were being led upward by those of London International—makers of Durex condoms—which had risen by *more than 10 per cent*.

The market is agreed that this latest surge in what one might term AIDS-related stocks has its origin in Japan. AIDS panic hit Japan about six weeks ago, reinforced by the highly publicised death from AIDS of a prostitute in Kobe. A fortnight ago Japan also played *host to a big conference on* AIDS and cancer drugs.

On the Tokyo stock market shares of condom makers such as Okamoto have been much in demand, as have those of makers of blue movies, on the *premise that fear of the disease* will make vicarious pleasures more popular.

One London broker said: "When Japanese brokers ring us trying to move a stock up, they used to say 'cancer drug, cancer drug,' and now it's 'Aids drug, Aids drug'." This is in spite of the fact that Nomura, Japan's biggest broker, has been a dogged seller of Wellcome shares throughout the recent rise.

Although this attitude has *plainly been wrong in the short* term, it has its logical side. As Ian White of London stockbrokers Greenwell Montague argues, Retrovir could on one *set of assumptions turn out to* be the block-busting drug of all time, and on another could fail even to cover its research and development costs.



The drug has come a long way in a remarkably short time. In Wellcome's 80-page prospectus a year ago it earned a single mention: among drugs in early clinical trials was "one compound which has shown activity in laboratory tests against the virus causing Aids."

The drug had first been tried on humans only two months before, and the first scientific results were publishedo last March. The fact that it is *already on the point of receiving* clearance from the notoriously demanding US authorities is in remarkable contrast to normal procedure, whereby a *drug can take anything up to* 10 years to clear all official hurdles.

The reason for this is that Retrovir is used only on those *who are on the point of death* anyway. But the same would apply to a competing drug. As Mr White said: "If a new AIDS drugs was discovered today, there's no reason why it shouldn't be on the market within two years. Retrovir has set the precedent."

Retrovir would also be a remarkably easy drug to improve upon. It is not a cure, but only hampers or at best arrests the disease. It has severe side-effects, including anaemia, which can be severe enough in many patients, to *require blood transfusions*. And it lasts in the body for only four hours, so that patients have to be woken up in the night as part of a six-times-a-day dosage regime.

If a drug lacking any one of those drawbacks, but otherwise matching Retrovir, were to reach the market within the *next two years. Wellcome could* fail to recoup the $80m or so spent to date on R and D.

And, Mr White points out: "It is virtually certain that Retrovir will not be the drug of choice by the mid-1990s, since someone will have produced something better. That means you should not put Wellcome shares on as high a multiple of earnings as for a typical drug, which can expect 10 or 15 years of life."

Since the shares are presently on 45-times current year earnings, the market is plainly not taking all this to heart. But, as Mr White also says, there is the other scenario.

"If it takes five years to improve on Retrovir, there will be around ½m people in advanced countries by that time suffering from AIDS or severe AIDS-related complex. It is reasonable to believe that Retrovir would be used in virtually all those cases in the absence of something better, and perhaps *in milder cases as well. On a* fair speculative guess of $5,000-per-patient, that is annual sales of $2.5bn."

That sounds—and almost certainly *is* — a ridiculous figure. But it is one which the stock market, still swinging between greed and fear, cannot quite bring itself to dismiss.

David Fishlock examines the fallout from a government statistical study

Cluster of confusion over N-site cancer link

IS THERE a link between areas with above-average cases of cancer and nuclear factories and power stations? The Government released late on Wednesday, in haste and as uncorrected proofs, a lengthy statistical study which has led to some disconcertingly contradictory newspaper reports.

At the heart of the matter is the question of "clusters," a term statisticians use for anomalous events such as an unexpectedly high—or low—number of cases of a disease in a population.

As a result of a television programme in 1983 alleging that there was a cluster of leukaemia cases in children living near British Nuclear Fuels' Sellafield plant in Cumbria, the term cluster has been widely adopted as indicating an excess of cancers over the average expected.

Public anxiety about some well-publicised clusters obliged the National Radiological Protection Board, the government watchdog on radiation, to propose a large-scale study by medical scientists at Oxford, using national mortality data from the Office of Population Censuses and Surveys in London. This later became a joint study between the scientists and the OPCS.

Its findings were released this week, a month or so before official publication, after allegations that the study had uncovered evidence which could hamper government plans for more nuclear stations.

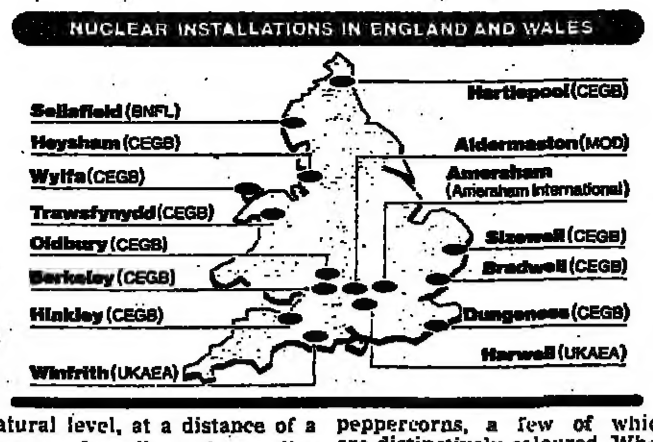
In fact, the study appears to contain nothing to hamper government plans. The Central Electricity Generating Board finds it "generally reassuring." British Nuclear Fuels says it shows nuclear plants are not a contributory factor to cancer cases.

Nevertheless, anyone who wants to make a particular case for opposing nuclear activity in a particular place may well be able to find the "evidence" they need in this welter of statistical data, provided they ignore the much greater weight of contrary evidence.

The authors of the study are highly critical of the claims that there are leukaemia clusters around Sizewell and in Dorset and Gloucestershire, but provide some new ammunition for critics of the Aldermaston and Amersham International installations.

Similar allegations to those made against Sellafield have been made about several other nuclear installations, including those on the River Severn near Gloucester, at Sizewell in Suffolk and at Winfrith in Dorset.

Usually in Britain, the man-made radiation is between less than one part in 50 and less than one part in 2,000 of the natural level, at a distance of a quarter of a mile to three miles from the fence.



At Sellafield, which stores 90 per cent of the nation's nuclear wastes in terms of radioactivity, it is higher, but still less than one-third of the natural level 3 miles from its fence.

Given these figures, scientists have simply not thought it worthwhile until very recently to look for any increase in the incidence of such everyday diseases as cancers near nuclear installations. After all, about 135,000 deaths from cancer occur in Britain each year, about one out of every four deaths.

There is a simple way of demonstrating clusters. Take a circular dish filled with many small balls about the size of peppercorns, a few of which are distinctively coloured. When the mass of balls is shaken then allowed to settle into a single layer in the dish, the coloured ones invariably cluster. Sometimes they cluster in groups, or in lines, or in rows at the rim.

In the more complex case of the incidence of a disease in a population, the clusters can be negative just as often as they are positive. But no one seems interested when a locality has less of a disease than is "normal."

The human eye and brain are exceptionally good at spotting anomalies—something a robot finds it hard to do. A good statistician is well aware of the dangers of reading too much into statistical anomalies, however clearly they seem to leap from the data.

A bad statistician plucks out the anomalies that seem to fit his theory and discards the rest. This approach is incompatible with the kind of evidence painstakingly published by the five authors of Cancer incident and mortality in the vicinity of nuclear installations in England and Wales, 1959-80.

Statistically, it is extremely difficult to prove a negative — that there is no correlation between nuclear radiation and a disease, for example. These researchers do not even attempt it.

They are also well aware they are working with data containing many mistakes and omissions, both medical and clerical errors.

Nevertheless, they draw some cautious conclusions for the 15 nuclear installations shown on the accompanying map.

- It "seems unlikely that the presence of the nuclear installations is a contributing factor" to any excess—or deficit—of cancers found at a particular place and time.
- "Careful scrutiny shows no indication of an abnormal pattern of leukaemia in the location where CEGB nuclear installations are in operation."
- Such positive clusters as they have detected—for example in association with Aldermaston and Amersham—"are predominantly due to data biases and to random fluctuations rather than local environment."

Change in industry is inevitable, says Dean

By Our Labour Editor

CHANGE in industry cannot be postponed or stopped, Ms Brenda Dean, general secretary of the largest print union, Sogat '82, said yesterday in an evaluation of the year-long Wapping print dispute.

Marking two weeks since the unions had called off the dispute with News International, Ms Dean appeared on a public platform with Mr Bruce Matthews, who for most of the dispute was News International's managing director.

Ms Dean told a seminar in London organised by the International Press Institute: "One year on from Wapping the lesson for me is that you can't postpone change, and you certainly can't stop change.

"If you attempt it the results are so often much more unpleasant for the very people one is trying to protect."

She said the Fleet Street problem, like all problems of change, should have been dealt with "much sooner, more efficiently, more humanely and by much more professional managements than it was."

It should have been tackled 10 years ago, when union chapels in London rejected a report advocating the acceptance of new technology and a new approach to manning levels, she said.

Cutting the industry's costs had helped to create a position in which two new national newspapers had been started in the past year and a third was about to be launched next week, she said.

Mr Matthews said the unions' "big mistake" had been to go on strike, prompting the company to switch production to Wapping. He claimed the plant had been readied to print a London evening paper, the London Post.

He said: "If that strike had not taken place I think the whole picture today would have been very different. We would be out there today with the London Post. I believe the majority of people Brenda describes as unemployed would never have been unemployed."

Council agrees 'equal value' job ranking system

BY PHILIP BASSETT, LABOUR EDITOR

Local authority employers and trade unions have agreed a system of job ranking for 1m council employees which fully applies the principle of equal pay for work of equal value.

The deal is a significant extension of the equal value idea, without the unions having to take the issue through the protracted legal processes which have characterised other equal value claims.

The local government deal, which will add a maximum of 1.4 per cent, or £44m, to the manual workers' £3.15bn wage bill, is claimed by both employers and unions to be the largest and most sophisticated job evaluation exercise undertaken in UK industrial relations.

The fact that it has been fully agreed by both sides, is based on equal value and brings a pay structure essentially unchanged since 1969 up to date, will be used by councils to rebut the constraints on job evaluation and national pay bargaining made by ministers, most recently by Mr Kenneth Clarke, Paymaster General.

The deal is the first step in a three-stage review of council manual workers' employment. The other two parts will look at conditions of service, and at working time.

Agreement having been reached on job ranking, detailed negotiations will start between employers and unions on putting the newly-ranked jobs into a review grade structure, then establishing what pay increases will be involved.

Equal value is central to the deal, which stems from the manual workers' 1985 pay settlement. A report of the job evaluation exercise approved by both sides this week stresses "the importance of equal value considerations throughout the exercise as a whole."

In deciding the factors to be applied to local government jobs, the idea of equal value was kept in mind by the members of the 10 evaluation panels. The co-ordinating panel included an equal value consultant.

The result is that different weightings have been given to non-traditional factors, such as responsibility for people, acquired experience and mental effort.

In the grading decided upon, "caring" jobs such as home helps and care assistants—who are often women—have had their ranking sharply increased, while others, such as refuse collectors, have had equally sharp decreases. However, the unions stressed they will negotiate a protection clause with the employers to cover current employees.

Mr Ron Keating, assistant general secretary of the National Union of Public Employees, said: "All the time, our concern was to get the question of equal value in a responsive grading structure rather than getting involved in a morass of industrial tribunal hearings. The experience of tribunals so far on equal value has been pretty abysmal."

Mr Brian Rusbridge, employers' secretary, said: "What we have done is to work between us to evaluate the jobs and bring in equal value ideas so that we are not getting into an argument over bits of jobs. We wanted to approach it rationally."

Four favourites contend for BBC top job

BY RAYMOND SNODDY

THE RACE to be director-general of the BBC is turning into a confused four-horse contest between two BBC candidates and two outsiders.

They are Mr Michael Checkland, Mr Brian Wenham, Mr David Dimbleby and Mr Jeremy Isaacs.

All the leading candidates have serious question marks against their names. Mr Marmaduke Hussey, the BBC chairman, and Lord Barnett, his vice chairman, are believed to face increasing difficulty over the choice.

Mr Hussey and Lord Barnett have been interviewing candidates from outside the corporation this week in Mr Hussey's flat in Chelsea.

The two men who forced Mr Alasdair Milne, the former director-general, to resign are drawing up a formal shortlist to put to the full board of governors on Thursday.

Mr Dimbleby, the freelance television presenter and local newspaper publisher, and Mr Isaacs, the programme-maker, and chief executive of Channel 4, will almost certainly be on that list. But opposition from Mr Dimbleby has grown since it became public that he was the favoured one.

Mr Michael Grade, director of programmes at BBC Television, and the man credited with lifting the BBC in the ratings, has, it is believed, made clear that he will resign if Mr Dimbleby is appointed. Mr Grade is also a candidate for the job, but is unlikely to get it this time.

Mr Isaacs is seen as a man who can inspire programme-makers, but there are growing signs that he will be found "politically unacceptable." It is believed that he has been offered the job of Royal Opera House, Covent Garden, director after the retirement of Sir John Tooley.

The other known outside candidates include Mr Nigel Ryan, former editor and chief executive of Independent Television News, and Mr Anthony Smith, a director of the British Film Institute.

The lack of agreement on outside candidates probably increases the chances of the leading BBC candidates, Mr Checkland, deputy director-general, and Mr Wenham, managing director of BBC Radio.

At a Financial Times conference this week Mr Checkland combined a warning to the Government to stop hounding the BBC with reassurances that despite a squeeze on funds the corporation did not face a deep financial crisis. He is not however a programme-maker.

Mr Wenham is universally regarded as able, but might be thought too much of a BBC insider.

If there is deadlock between the governors, many senior executives in the BBC believe that Mr Paul Fox, managing director of Yorkshire Television, should be heard.

Mr Fox did not apply for the job, and is one year over the normal BBC retiring age. Clearly he, together with other short-listed candidates, would be prepared to put his ideas before the governors if asked to do so.

More BR office jobs under threat

By Hazel Duffy

BRITISH RAIL is considering further cuts in salaried staff in the year beginning April 1, but no figures have been finalised.

Jobs would most likely go in the regional tier of administration and at national head office in London, but station staff could also be affected.

BR said yesterday discussions were being held as part of a wide-ranging exercise to identify cost savings before the 1987-88 budget was finalised.

A pilot study in the Western Region has identified potential savings of about 20 per cent of the current budget, which could include cuts at regional head office in Swindon, Wiltshire, and other offices in the region.

BR had 38,000 salaried staff at the end of last March, about 12,000 fewer than in 1981. The brunt of the cuts came with the elimination of the divisional tier of management, leaving BR with sectoral and regional tiers.

Non-salaried staff have also been reduced with the implementation of single-manning on certain trains. The high age profile of BR blue-collar workers means that much of the reduction has been achieved through early retirement.

Challenged Ucatt poll upheld

By Our Labour Editor

THE GOVERNMENT'S Certification Officer, who is responsible for overseeing unions' internal affairs, has upheld an election within the building workers' union Ucatt to be within the terms of the 1984 Trade Union Act.

The decision is important in helping to define which categories of union members can be excluded under the act from standing in union elections.

Mr John Flavin, a regional organiser in Ucatt, brought a claim on behalf of himself and none other members that he had been unreasonably excluded from standing for a seat on the union's executive by a Ucatt rule. The regulation makes someone who holds a post ineligible for election to it. That 1984 Act stipulates that no union member shall be unreasonably excluded from standing as an election candidate.

With 40 branches nominating him, Mr Flavin resigned from his post but was subsequently not elected.

Ucatt argued to the Certification Office that the rule was designed to protect the employment of full-time officials, to prevent full-time officers enjoying electoral advantage and to deter frivolous candidates.

Mr Flavin questioned, however, whether it encouraged democracy in the union.

But Mr Matthew Wake, the Certification Officer, has found that the exclusion was not unreasonable under the act, though his report on the case says his decision "does not mean that I do not sympathise with Mr Flavin's position."

He said the merits of the rules requiring Mr Flavin to resign his full-time post before he could stand for election "are debatable, to say the least."

Caterpillar workers vote to continue sit-in at plant

BY CHARLES LEADBEATER, LABOUR STAFF

ABOUT 900 workers at the Caterpillar tractor plant at Uddington, near Glasgow, voted overwhelmingly yesterday to continue their occupation which started five weeks ago.

Union officials at the plant said the worforce was determined to continue the occupation, which began after the company announced plans to close the plant within 15 months.

Union officials admit there is little immediate likelihood of the plant reopening, but workers hope to keep the plant operational to allow time for a buyer to be found.

They also hope that political pressure may move the Scottish Office either to encourage other earthmoving equipment manufacturers to take over the plant, or to bring in the Scottish Development Office to find a new use for the factory. Local MPs have united in support of the occupation.

However, about 170 white-collar staff abandoned the occupation two weeks ago.

The company has said it will not take legal action to evict the occupiers but it warned that if they do not call off the sit-in, the plant may have to be closed earlier than planned.

Caterpillar proceeded with its plans for closure in spite of appeals to keep it open from the Prime Minister and Mr Malcolm Rifkind, the Scottish Secretary.

Four months before the occupation began the company announced a £62.5m investment programme for the plant, which the company journal subsequently called the "plant with a future."

Move to aid independent producers

By Raymond Snoddy

MR CLEMENT FREUD broadcasting spokesman for the Alliance, plans to put down an amendment to the Broadcasting Bill now going through parliament to support independent producers.

The planned amendment to the bill, which goes into committee stage next week, would stipulate that the Independent Broadcasting Authority (IBA) should ensure, "a substantial proportion" of programmes provided on the two commercial channels should come from independent producers.

The Broadcasting Bill aims to extend current ITV franchises by three years and Britain's direct broadcasting by satellite (DBS) franchise from 12 to 15 years.

Commercial television has been trying to reach voluntary agreements with the independent production groups to avoid the possibility of the Government imposing binding quotas.

Soviet Union bars three MPs

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THREE MPs have been barred from entering the Soviet Union where they planned to meet Jews who have been refused permission to leave the country.

Mr Greville Janner, Dame Peggy Fenner and Lord James Douglas-Hamilton, members of the Commons all-party committee for the release of Soviet Jewry, were due to fly to Moscow yesterday on a private visit.

They were to meet some of those who had been refused exit visas and were to attend a British embassy reception to present awards to seven Soviet citizens for outstanding services for the release of Jews.

Mr Janner said yesterday that he deeply regretted what he described as the type of "stupid decision which turns friends into enemies." The MPs had been told last week that visas had been granted but it later became clear they were being refused.

He said the committee had assumed that, with Mrs Thatcher due to visit Moscow next month and an apparent thawing of east-west relations, "the ice age would be replaced by one, if not of warmth, at least of courteous common sense."

Mr Janner said Mr Timothy Renton, a Foreign Office Minister, had expressed his dismay to the Soviet embassy where the group's passports were still being held.

Morgan increases funds on deposit

BY PAUL CHEESERIGHT,

MORGAN GRENFELL, the leading merchant bank forced into management changes following its handling of the Guinness takeover of Distillers, said yesterday that the total of funds it had on deposit had increased over the past half-year.

The bank was responding to reports that it had been forced to seek Bank of England assistance in arranging credit facilities to protect it against a run on deposits.

Mr David Ewart, a Morgan director, denied that any Bank of England safety net had been put in place. Business had been normal since the Guinness affair, he said.

At the end of June 1986 Morgan Grenfell held current and deposit accounts worth £3.6bn. The figures for the end of the year would show a slight increase, Mr Ewart said.

"The very idea of a lifeboat is unworkable," he said, noting that Morgan had its own credit facilities.

The Bank of England would offer no formal comment on the reports of credit facilities aid, but did not dissent from Morgan's view of the situation.

Temporary chief for British Shipbuilders

By Hazel Duffy

MR MORRIS PHELPS, board member for personnel and employee relations at British Shipbuilders, is temporarily taking over the role of chairman and chief executive in place of Mr Phillip Hares, who has been told by his doctors to rest.

Mr Hares has a minor heart condition but is expected to return to work in a few weeks.

Mr Phelps joined British Shipbuilders in 1980 and became a board member the folowing year.

Machine tool sales up 4%

FINANCIAL TIMES REPORTER

MACHINE TOOL sales increased by 4 per cent seasonally adjusted in the three months to November compared with the previous three months, the Department of Trade and Industry said yesterday.

An increase of 12 per cent in the UK market was partly offset by a 7 per cent decline in export.

Order books contracted by 5 per cent, reflecting falls of 3 per cent and 6 per cent in home and export markets respectively.

Newly acquired orders grew by 3.5 per cent with an increase of 18 per cent for the home market outweighing a 16 per cent fall in export markets.

Compared with the same period a year earlier there was little change in sales.

BASE LENDING RATES

	%		%		%
ABN Bank	11	● Charterhouse Bank	11	● Morgan Grenfell	11
Adam & Company	11	Citibank NA	11	Mnt Credit Corp. Ltd.	11
Allied Arab Bk Ltd	11	Citibank Savings	¶12.45	Nat Bk. of Kuwait	11
Allied Dunbar & Co	11	City Merchants Bank	11	National Girobank	11
Allied Irish Bank	11	Clydesdale Bank	11	Nat Westminster	11
American Exp. Bk	11	Comm. Bk. N. East	11	Northern Bank Ltd	11
Amro Bank	11	Consolidated Cred	11	Norwich Gen. Trust	11
Henry Ansbacher	11	Co-operative Bank	*11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Cyprus Popular Bk	11	Provincial Trust Ltd	12
Associates Cap Corp	11	Duncan Lawrie	11	R. Raphael & Sons	11
Authority & Co Ltd	11½	E. T. Trust	12	Roxburghe G'rantee	11½
Banco de Bilbao	11	Equator'l Tst C'p plc	11	Royal Bk of Scotland	11
Bank Hapoalim	11	Exeter Trust Ltd	11½	Royal Trust Bank	11
Bank Leumi (UK)	11	Financial & Gen. Sec	11	Standard Chartered	11
Bank Credit & Comm	11	First Nat. Fin. Corp	11½	Trustee Savings Bnk	11
Bank of Cyprus	11	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	11	● Robert Fleming & Co	11	United Bk of Kuwait	11
Bank of India	11	Robert Fraser & Ptrs	12	United Mizrahi Bank	11
Bank of Scotland	11	Grindlays Bank	‡11	Westpac B'nking Corp	11
Banque Belge Ltd	11	● Guinness Mahon	11	Whiteaway Laidlaw	11½
Barclays Bank	11	HFC Trust & Savings	11	Yorkshire Bank	11
Benchmark Tst Ltd	11	● Hambro Bank	11		
Beneficial Trust Ltd	12	Heritable & Gen. Tst	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
CL Bank Nederland	11	Lloyds Bank	11		
Canada Permanent	11	Mase Westpac Ltd.	11		
Cayzer Ltd	11	Meghraj & Sons Ltd	11		
Cedar Holdings	12	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¾% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

APPOINTMENTS

Midland Montagu restructures

MIDLAND MONTAGU, Midland Bank Group's investment banking and securities arm, has made a number of senior appointments with the following functional responsibilities reflecting its new unified corporate structure, which brings together Samuel Montagu, Greenwell Montagu and Midland's group treasury and investment management business: **Mr Roger K. Simmons**—funding and liquidity; **Mr Tom R. A. Lockett**—foreign exchange trading and treasury sales; **Mr Robert E. Beale**—precious metals; **Mr Bernard J. Lind**—fixed income securities; **Mr Robert W. Yates and Mr J. F. Russell Hammond**—equities. **Mr Ernest C. Cole**—UK financing and capital markets; **Mr Bernard N. Jolles**—overseas financing and capital markets; **Mr Richard Tickner**—syndicate and cross-markets; **Mr Ian A. N. McIntosh**—corporate finance; **Mr Peter C. Axten**—investment management and venture capital; **Mr Larry F. Clyde**—North America; **Mr Derek J. Hughes**—Japan and Asia-Pacific. **Mr Charles D. H. Bryant** is chief administrative officer and **Mr Gordon T. Pepper** is senior adviser. These appointments are in addition to titles held within component legal entities.

★

Mr M. R. Salter has been appointed managing director of Winchester-based HALES AND HINDMARSH. **Mr M. Bennett** has joined from Pains Wessex where he was personnel director.

★

At BRADSTOCK, BLUNT & THOMPSON, a Lloyd's broking subsidiary of Bradstock Group, **Mr Robin Bradford**, will become responsible for new business and development with **Mr Vivian G. Whybrow** succeeding him as manager of the insolvency department.

★

PINPOINT ANALYSIS has appointed **Mr Chris Evans** its managing director. He joins from the Granada Group, where he spent the last six years, latterly as group finance director of Granada Micro Computer Services.

★

Mr Roger Boissier has been appointed a non-executive director of AE. He is a non-executive director of Pressac Holdings and a non-executive director of British Gas.

★

CELATOSE has promoted **Mr Arthur Wilkins** to sales and marketing director. He was sales director.

★

SUTCLIFFE CATERING GROUP has appointed **Mr Peter Ward** to the board. He joined in July 1985 as group sales and marketing director.

★

NATIONAL MEDICAL ENTERPRISES, INC. has made an executive promotion within its international division's European operations. **Mr Thomas G. Hennessy** has become assistant vice president of European operations.

★

Mr John Oxford has been appointed sales and marketing director of SIMON CONTAINER MACHINERY (a Simon Engineering company).

★

SELECTRONIC has appointed **Mr Brian Chamberlain** and **Mr Dave Borrett** as sales director and financial director respectively. Mr Chamberlain was sales manager with Swissinco and Mr Borrett joins from Tempatron where he was company secretary.

★

Mr D. T. (Squire) Wilkins has been appointed a non-executive director of J. BIBBY & SONS. He recently retired as a director of Reed International and he is also a non-executive director of F R Group.

★

Mr Mike Harvey has been appointed as the first director of manufacturing at CELLTECH. He joins from Glaxo where he was production manager at its Barnard Castle, Co Durham plant.

★

ROXBY ENGINEERING INTERNATIONAL has appointed **Mr John Blackburn** as technical director. He joined Roxby in 1981 in the commissioning department and subsequently held responsibility for technical services, recruitment and corrosion control.

★

RENAULT UK has appointed **Mr Leonard Pereira** as after sales director. He takes over from **Mr Pierre Poupel**, who returns to Renault in France after 3½ years, to take up a new post as director of special products and light commercial vehicle developments.

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Beggars and neighbours

IN ENGLAND we call it "beggar my neighbour"—a game we all play. In the US it is "beggar thy neighbour," which sounds more like an accusation; and certainly the Reagan Administration sounds in a rather accusatory mood as it prepares for the monetary meetings in Paris this weekend.

It accuses the surplus countries of living off other peoples' borrowing, the European Community of offences against US farmers, and the Japanese of consistent, though covert, protectionism.

It does not sound like the agenda for a good humoured gathering, and that is one reason why the currency markets have treated the announcement with such evident suspicion. Analytic opinion is divided between those who point out that finance ministers would never consent to attend such a meeting unless the groundwork for a substantive agreement were already complete, and those who think that the underlying differences are so sharp that any agreement is likely to prove a hollow sham.

It is certainly true that a great deal of spadework has been done in the past few weeks. The French, who are somewhat on the sidelines in the economic and monetary arguments (as is Britain) seem to have taken the diplomatic initiative, and have made it clear throughout that they were not going to play host to a futile meeting.

What is more important, the French are the ideal people for the job, or rather they have the ideal man. Mr Jacques de la Rosiere, who achieved world fame as managing director of the International Monetary Fund, has recently taken over as governor of the Bank of France. Nobody in the world knows more about the problems of debt and exchange rates, or is listened to with more respect.

Interest rates

It will be worse than disappointing, then, if the meeting produces no more than wishful thoughts about exchange rate stability, and a promise of official money to back them up for a time. Official intervention does, it is true, help to finance deficits; after all, the transactions have the effect of providing US consumers with the foreign currency to go on buying the BMWs and Japanese cameras they like because central banks volunteer to buy the US bonds which investors are no longer willing to take up in adequate quantities.

This roundabout way of giving goods away to keep the factories working is still very much in vogue; the West German and Japanese central banks have bought some $20bn of unwanted dollars in the last few weeks. This does not, however, stabilise the currency markets for more than a few days, for two reasons.

One is largely technical. Central banks have a long-standing habit of "sterilising" the effect of the currency market transactions. Those in charge of a strong currency will borrow the money they need to buy a weak one, so that their money supply remains unaffected; those struggling with the problems of a weak one will feed the money which speculators have sold to other central banks back into their domestic money markets to prevent a shortage which might drive up interest rates.

These manoeuvres unfortunately have the effect of offsetting the effect of their original interventions.

One test of the Paris agreement, then, will be some sign that in future market interventions will not be sterilised in this way, so that the West Germans and Japanese will allow their money supply to grow when they buy in dollars, and the Fed will be less generous in its open-market operations.

However, nobody supposes that monetary policy alone can produce the very large changes required to bring current accounts closer to balance.

Supply capacity

Mr James Baker, US Treasury Secretary, has long been urging fiscal action to produce the changes. He was a lone voice a year ago, but has some influential allies now.

For that reason Paris could well produce at least the announcement of talks about talks on the really contentious subject—the surrender of some domestic sovereignty on economic policy in the cause of neighbourliness.

The time is getting short for such a move, because although domestic pressures are driving governments to co-operate on policy, trade issues are driving them apart. Mr Jean-Claude Paye, director-general of the OECD, had some stinging words this week for the makers of farm policies everywhere. This specialised protectionism, he said, was becoming so outrageous that it could spark off a general trade war just as the new trade-liberalising round of talks at the Gatt in Geneva was assembling.

All these strains — just like the strains which drove the British Government to approve a sale of Leyland which will cost more than 2,000 jobs in a hard-pressed area — have a common cause: world growth since the 1981 recession has been smooth and sustained, but it has never begun to catch up with the world's supply capacity. In that sense we are all beggaring our neighbours, and ourselves. If Paris produces even a step towards recognising and solving this problem it will be a triumph, even if it does not put the currency dealers to sleep.

Euro tunnel

Tunnel vision's newest apostle

By David Lascelles and Andrew Taylor

Alastair Morton: a determination to get the job done

IT COULD be just the appointment to restore Eurotunnel's hopes. Or it could end in tears.

The choice of Alastair Morton to head the £4.7bn project is so bold that it might even be called a gamble. At a critical moment in Eurotunnel's brief existence, it brings to the job one of the grittiest figures on the City scene, a man who has fought fierce battles and bent many a strong soul to his will; just the person, in fact, to drive out doubt and get things moving.

But for a job where he will have to coax huge sums of money out of investors and quieten political doubters, he may also lack some of the gentler qualities of patience and tact: he has lost battles, too, usually because he could not compromise.

What are not in doubt are Morton's determination to get a job done, the wide experience of industry and finance which he has gained in a fast-moving career, and his knowledge of how things work at the meeting point of government and business.

Physically, Morton is unmistakeable. A tall 48-year-old, he has bright blue staring eyes and a permanently hoarse voice that makes listeners want to clear their throats on his behalf. He has a sharp mind and expresses himself clearly, often to the point of being blunt or downright rude. He can mitigate the effect of that, if he chooses, with a witty turn of phrase. But often he does not choose to, which is why his sharp tongue has sometimes been called Morton's fork.

Morton was born in South Africa and began life as a management trainee with the Anglo-American Corporation which gave him a scholarship to Oxford, where he determined to make his future in the UK.

After a brief spell with the World Bank, he joined the Wilson Government's newly created Industrial Reorganisation Corporation in 1967 under Lord Kearton, where he was concerned with the future of the steel and nuclear power industries.

When his contract there ended in 1970, he made his first acquaintance with the City by joining the Drayton group of investment trusts. It was here that his feuding reputation developed when he clashed with his boss, Philip Shelbourne, and he decided to move on.

In the meantime, Lord Kearton had created the British National Oil Corporation to exploit North Sea oil, and he invited his former IRC colleague to be managing director, a job which Morton filled with enthusiasm and success, learning much in the process of how large engineering projects are funded and managed, and of the ways of government.

But his temperament plus ill fortune again combined to force a change: Philip Shelbourne was asked by the Department of Energy to advise on the splitting up of BNOC into two bits, a policy which Morton fundamentally opposed. And so once more he departed, this time to become a freelance oil consultant.

However, his powers as a trouble-shooter had been spotted by the Bank of England which engineered his appointment as chief executive of Guinness Peat, the City banking and commodities company which had been brought to the point of collapse by huge dealing losses. Morton set to the job with a will: through some bold financial strokes he restored GP's fortunes, winning at the same time a bitter battle against the Kisin family, who had founded the group but whose interest was steadily being reduced by Morton's actions.

Morton tried to crown his victory by launching a £220m takeover bid for Britannia Arrow, the financial services group, a year ago, but was thwarted when Britannia found an equally forceful ally, Robert Maxwell.

Since then, Morton has sought other ways of building up Guinness Peat. But the company remains very much in the City's second ranks, and it may be that Morton's feet were anyway beginning to itch again (though he will retain the chairmanship at his old company after he moves to Eurotunnel).

He was headhunted essentially by the Bank and expects to spend most of his time at Eurotunnel which will pay an appropriate portion of his £150,000-a-year salary.

"If you look at my career," he said last night, "what comes up again and again is the financing and organisation of large projects. I think I'm good at putting the pieces together."

Yet the job at Eurotunnel puts Morton in the front line to an extent which has not applied to his previous posts. Apart from the scale and political complexities of the project, there is no Lord Kearton—as there was at BNOC—to provide fatherly guidance and advice. Morton certainly has the self-confidence to lead from the front, but the challenge is bigger than any he has faced so far.

Morton's immediate task is an urgent one: to stop the rot at Eurotunnel caused by the recent string of resignations, and restore the credibility of the project. Its name had already been damaged by the trouble it had raising the first £209m financing last autumn, and it was only just getting over that when this week's departure of Sir Nigel Broackes, Lord Pennock, the chairman, and Mr Michael Julien, the deputy chief executive raised serious doubts as to whether it would ever get off the ground.

All this will require some inspiring feats of leadership and much hard work with the institutions which will be asked to stump up the next round of money.

In July, Eurotunnel faces its biggest financial challenge yet: to raise £750m of equity through an international share offer and thus secure the £5bn of bank lending which is conditional on it. The London investment market, which is bigger and more financially oriented, is regarded as more important than the Paris market, and its attitude towards the Anglo-French project will be key to the success of the financing. Morton's reasonable command of the French language may help his links with the French management of the project which has so far won as much admiration as the British side has generated alarm.

Politically, too, the Channel Tunnel Bill still has to be steered safely through Parliament. It will shortly reach the committee stage in the House of Lords where some 10,000 people have demanded the right t opetition against it, according to Flexilink which is organising the opposition.

Another political rock in its path is a possible general election. An early election would delay the Bill, even if the Conservatives were returned, simply by disrupting the Parliamentary timetable. A Conservative defeat would be considerably more damaging: it would almost certainly lead to the project being shelved while there was a public inquiry.

At that stage it is now dauntingly clear that the tunnel project could, for the second time in not much more than a decade, collapse. "I don't believe it's in danger of collapse. If I did I wouldn't be here," Morton says.

Irish Election

Wary treads the victor

By Hugh Carnegy

MR CHARLES HAUGHEY has put a brave face on the outcome of this week's general election in Ireland which left his Fianna Fail party three seats short of a parliamentary majority.

He called it "an excellent result" and said: "Fianna Fail will now form a government which will, for a full term, implement a programme of national recovery designed to restore balance in the public finances while tackling the problems of unemployment, emigration and excessive levels of taxation."

Yet less than a week ago Mr Haughey had declared that the worst possible outcome would be a "hung" parliament of the sort which he is now facing, for the second time in five years.

Yesterday's Dublin newspapers were full of talk of special deals, power-broking and bargaining needed to secure Fianna Fail's position. It was all reminiscent of February 1982 when Mr Haughey also won 81 seats in the 166-seat Dail (Lower House) and survived only seven months in government with the precarious backing of independents and left-wingers.

Barring unforseen developments, Mr Haughey will be elected prime minister when the Dail resumes on March 10.

Thereafter things are not so clear. The most important issue facing Fianna Fail is the economy and, more specifically, the budget, likely to be tabled before the end of next month. Mr Haughey is committed to curbing the huge national debt by restraining public spending and has said he will have to accept the bulk of tough budgetary proposals left by the outgoing government headed by Dr Garret Fitzgerald's Fine Gael.

But if Mr Haughey wants to underpin his minority position by securing some kind of pact with the Marxist Workers Party, or independents such as Dublin left-winger Mr Tony Gregory, as he did in 1982, he will face demands to protect social welfare, health and unemployment spending. This would severely limit his room for cutting expenditure, which still outstrips government revenue by 30 per cent.

The Labour Party, which left the coalition with Fine Gael on the issue of spending cuts, is equally adamant that it will not support any government which imposes cuts in these areas. Already, Mr Gregory and others are seeking to form a left alliance to force concessions out of Mr Haughey.

Mr Haughey would seem to have the choice, however, of ignoring the Left on the budget and relying on Fine Gael and the Progressive Democrats (the new force which emerged from the election with 14 seats) not to oppose measures aimed at dealing with the country's economic problems. Dr FitzGerald and other Fine Gael leaders have said their party would support tough action on the economy.

In the short term, Fine Gael has little interest in another poll as it needs to recover from the loss of 17 seats and a slump in its share of the vote to its lowest level for 30 years.

Much of this leaked away to the Progressive Democrats which now occupy a key position in Irish politics, even if they have not yet achieved their aim of breaking the Fianna Fail/Fine Gael mould.

Led by Mr Desmond O'Malley, a former Fianna Fail Minister, the Progressive Democrats played a large part in denying Mr Haughey a majority.

The other important question mark left by the election hangs on Mr Haughey's attitude towards the Anglo-Irish agreement on Northern Ireland signed by Dr FitzGerald in 1985.

He has talked of taking "diplomatic and political" action to change Article One of the Accord, which recognises the right of Northern Ireland to remain part of Britain until a majority there decides otherwise. Mr Haughey believes this contravenes the Republic's constitutional claim to Irish unity.

There will be strong pressure on him to maintain the agreement from Fine Gael, the Progressive Democrats, Labour and the Workers' Party which all back the accord. The Social Democratic and Labour Party, the biggest nationalist party in the north, will also seek to patch up recently strained relatitons with Mr Haughey and persuade him to keep the agreement on the tracks. Another restraining factor is that Unionists in the north are hoping Mr Haughey will wreck the accord for them. He will hardly want to be cast in the role of coming to their rescue.

THE FINAL TALLY

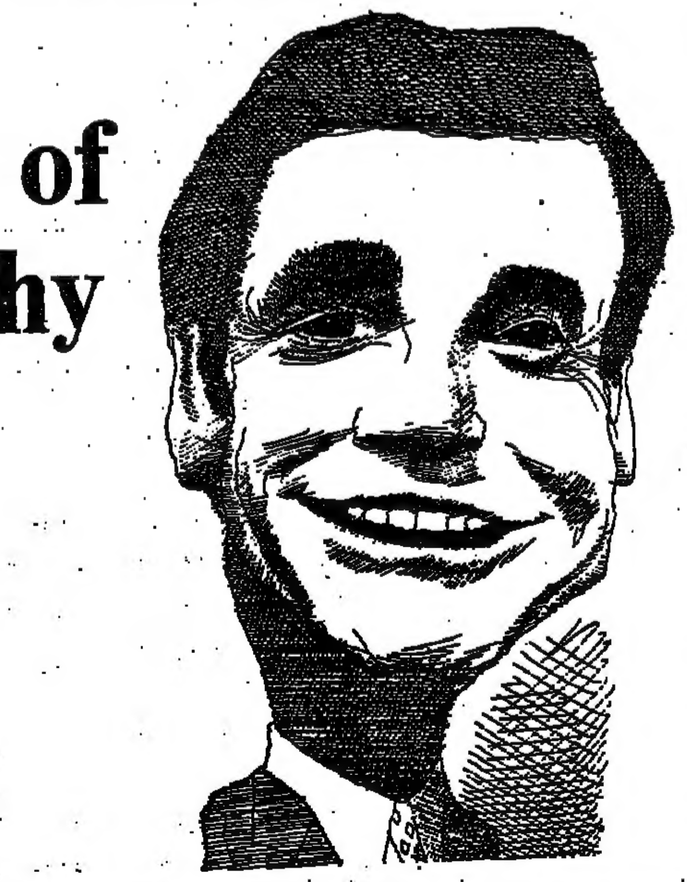
	Total 166 seats		
	Now	Previous	
Fianna Fail	81	(71)	(Mr Charles Haughey)
Fine Gael	51	(68)	(Dr Garret FitzGerald)
Labour	12	(14)	(Dick Spring)
Progressive Democrats	14	(5)	(Desmond O'Malley)
Workers Party	4	(2)	(Tomas MacGiolla)
Democratic Socialists	1	(0)	
Independents	3	(5)	
	166	165	—one seat vacant

Man in the News

Martin Siegel

Shadow of McCarthy falls on Wall Street

By James Buchan



A WEEK after pleading guilty to two charges and paying over $9m to settle others, Mr Martin Siegel remains an enigma. As the most gifted and likeable victim yet of Wall Street's insider trading scandal, he is also the least explicable: why did Mr Siegel, 38, risk a brilliant career, a $2m salary and the security of his wife and three children for an alleged $700,000 in bank bills stuffed in brief cases and extra profits for his department?

"The whole thing is so revolting I don't know how to deal with it," says one highly respected corporate financier. "Slinking around back alleys with sacks of money, that's not Wall Street."

On February 13, a Friday, Mr Siegel pleaded guilty to running a ring to profit from inside information on takeover stocks while he was a star in the mergers and acquisitions department of Kidder, Peabody from 1984 to early 1986. The charge said the ring made "millions of dollars in illegal profits" for Kidder.

Mr Siegel also settled (without admitting) a civil complaint from the Securities and Exchange Commission that from 1982 to 1985, he sold information for his own profit to Mr Ivan Boesky, the disgraced speculator in takeover situations (or arbitrageur) who has been co-operating with the investigation for nine months.

Outside Wall Street, many people see Mr Siegel as typical of a whole generation of bright young Americans, who have been attracted to investment banking by its glamour, high stakes and big money and are morally untutored.

"Wall Street is the gold rush of the 1980s," says Mr Ira Sorkin, a lawyer formerly at the SEC, who last year lead the case against another insider ring, the so-called Yuppie Five. "These people think that the laws don't apply to them. Down there, unless you are a millionaire by the age of 30, you're a failure."

Mr Sam Hayes, professor of Investment Banking at Harvard Business School, thinks the damnation of the yuppies is exaggerated. Prof Hayes, who started teaching at the school in 1970, the year before Mr Siegel graduated in the top "2-3 per cent" of his class, says: "These people do know the difference between right and wrong. They can exercise their moral compass."

When he passed Mr Boesky information on his brilliant takeover defences, Mr Siegel knew he was doing wrong. Otherwise, as one investment banker put it, he would have taken a "certified cheque" instead of the theatrical arrangement with briefcases that the SEC alleges.

But evidence from the civil and criminal complaints, as well as conversations with associates, does suggest that Mr Siegel suffered from similar insecurities as earlier victims of the investigation, such as Mr Dennis Levine, a former managing director of Drexel Burnham Lambert. These apparently made him vulnerable to the intense professional and social competition of the upper levels of Wall Street, and to Mr Boesky's influence. They also help explain the readiness of Mr Levine and Mr Siegel to inform on friends, which reminds some people of another unstable society: Hollywood during the McCarthy era.

Mr Siegel grew up in Massachusetts under the shadow of financial difficulties. His father filed for bankruptcy just after Martin graduated at 19, with a degree in chemical engineering. It is possible that an exaggerated need for financial security caused him to abandon a corporate career (briefly at Eastman Kodak and Raytheon) and head for Wall Street by way of Harvard. For years, Mr Siegel is said to have lived modestly. But in 1981, he married a second time and started building an expensive country house on Long Island Sound. Wall Street bankers say Mr Siegel would have been earning considerably less than the $2m-odd he ultimately achieved and he had a very high opinion of his own worth.

He also appears to have fallen prey to Mr Boesky's spell: his immense wealth, his vast house in Westchester County, his tennis game. Mr Siegel may have approached Mr Boesky around the time of his defence of Martin Marietta against a bid from Bendix in 1982. The SEC alleges that from then on, he received one payment a year for three years from Mr Boesky's agents at "a conspicuous public location."

However, by 1984, according to the investigators, Mr Siegel had changed tack. Their charge that he forsook Mr Boesky, and his own profit, for a scheme to make money for Kidder, Peabody is much more damaging to Wall Street. It alleges that insider trading was not confined to an outside arbitrageur such as Mr Boesky but was practised in the risk arbitrage departments of blue-chip firms. As well as arresting two Kidder arbitrageurs from that period and the general partner in charge of arbitrage at Goldman, Sachs on Mr Siegel's evidence, the US Attorney has also subpoenaed the two firms and taken away documents.

Kidder, Peabody strongly denies that Mr Siegel was responsible for setting up the bank's risk arbitrage department and all three individuals and the two firms deny any wrongdoing. But there is a widespread feeling that the intense pressure to create profit, which has swelled both mergers and acquisition departments and risk arbitrage, is also breaking down the "Chinese Wall" that is supposed to stop the passage of secret corporate information between them. "Risk arbitrage departments are the Achilles heel," says Prof Hayes.

The signs are that Mr Siegel was becoming increasingly anxious about being found out. In April 1985, he told an interviewer that he feared his telephones were bugged. In February, 1986, he left Kidder to be co-head of Drexel Burnham's mergers and acquisitions department. He did not have long. On November 14, the SEC announced that Mr Boesky had disgorged $100m in profits and penalties and had been co-operating. Mr Boesky also repaid his old informant. That day, a federal marshal handed Mr Siegel his subpoena.

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LONDON DAILY 24 Hrs NEWS NIGHT EXTRA

TUESDAY FEBRUARY 1987 No.0001 20p

Maxwell spoils for a street fight

JAK, the London Evening Standard's cartoonist, has never been renowned for subtlety. But the cartoon that appeared in Wednesday's issue was extraordinary. It featured a grotesque over-corpulent caricature of Robert Maxwell the publisher wearing a bikini in the street and selling his new London Daily News with the headline "24 hr rubbish."

The caption rather obscurely said: "Glamour Hits Fleet Street."

"A statement of fear," commented Mr Maxwell, who launches the London Daily News on Tuesday.

Mr Maxwell, publisher of Mirror Group Newspapers, is spoiling for a fight: "I have long desired to break the monopoly of the Standard. They've grown flabby, they've provided a very poor service, they're boring and what's worse they've been unavailable. Now on their death bed they're repenting," he says.

Somewhat ironically, he has accused Mr H. C. "Bert" Hardy, Evening Standard chief executive, of "using the language of a Wapping thug" during recent television interviews.

The propaganda war is already at a high pitch and the circulation battle is about to commence. For the first time since October 1980, when the Evening News merged with the Standard, London will have two competing evening papers.

Behind the verbal fisticuffs there is a serious question. Can London support two evening newspapers — even if one of them calls itself a 24-hour paper and hopes to sell 150,000 of its target circulation of 500,000 at breakfast time in competition with the national dailies?

In the last year of Evening News-Evening Standard competition the two newspapers' combined losses totalled about £30m, according to Bert Hardy. The Standard then had a circulation of 320,000 and the News 440,000. The latest circulation figure for the Standard is 558,000, an increase of 12 per cent over the past year and the paper is making a £3m trading profit on revenues of about £50m.

Costs of newspaper production have been reduced because of new computer technology and dramatic changes in work practices.

The Standard claims to have reduced its workforce by 50 per cent to 1,200 in the past year or so, including distribution staff, and recently made the transition from hot metal to computer-based photocomposition within nine weeks.

Despite the improvements Mr Hardy concedes that the Standard may be underperforming in circulation by 20 per cent, or 100,000 copies. But he emphasises it still has the second largest evening sales in the world after the New York Post.

In an age of growing competition with television and radio for both consumers and advertising revenue where, asks Mr Hardy, is the evidence that new readers and revenue exist to fund two London dailies?

"There will be high excitement for the first couple of months, a high wave of activity, then we will go into a war of attrition which is going to be long-lasting and expensive," he predicts.

Mr Maxwell is clearly aiming for an up-market niche. Preview issues—some 2m have been distributed free in the London area—are well written, professionally laid out and emphasise the major political stories of the day.

Like the Standard a tabloid costing 20p, the Daily News will print five editions a day starting with the "gold top" breakfast paper, with as much as half the content changing through later editions which will hit the streets from 11.30 am to 6.30 pm. Although it is not strictly speaking a 24-hour paper, journalists will work on its production around the clock.

Maxwell has spent heavily on experienced journalists—some from the Standard such as veteran film critic Alexander Walker—in the drive to win new and lapsed evening newspaper readers.

It is costing him about £25m to launch the paper and he believes it will either break even or go into profit by its second year, or on pessimistic assumptions its third. Its 180 journalists type their stories direct into a central computer for setting. The paper is printed under contract at five sites around London.

The Standard has scarcely been sitting on its hands while its rival, after several postponements, moved to the starting line.

This week it announced a spoiling operation to try to blunt the launch. The Standard is giving away five houses in London free to readers, one a Docklands flat worth £128,000.

The Standard claims this was always going to be the year for expansion; the paper has been extensively revamped and "is ready and able" for the competition.

"We have no intention of dropping out of the market," Mr Hardy says. And while the Standard is flying, the former News International executive believes there will be no profit in the London Daily News for Mr Maxwell.

Raymond Snoddy

A wilder Rover says the customer is always right

GRAHAM DAY likes to set clear priorities. Since he took over as chairman of the state-owned Rover Group last May, there have been three key items in the list.

- Stemming losses of £1.5m a week at Leyland Trucks.
- Selling off businesses over which Rover does not need total control.
- Putting more "commercial push" into Austin Rover, the car business.

It is to this policy, as outlined in the latest corporate plan, that the Government has this week given its support.

For ministers, the toughest part is the need to pump in another £750m to a group which has already cost the Exchequer £2bn since 1975. This sum replaces debt for which the state would have been responsible only if Rover had collapsed.

The new capital allows Rover to wipe out the accumulated debts of both Leyland Bus and Leyland Trucks—£605.4m at the end of December 1985—as well as the cost of further redundancies and restructuring programmes.

Leyland Trucks will lose another 2,200 jobs from a workforce already cut by half to 6,000 since the beginning of the 1980s; the Scammell heavy truck plant at Watford and the engine and foundry operations at Leyland will close. Leyland will drop out of heavy truck manufacture, where there is a lot of capacity, and concentrate on the lighter end.

Mr Day makes it clear that this rationalisation would have taken place without the other element in his "trucks solution"—handing over Leyland to Daf of the Netherlands, which will have 60 per cent control of a new joint company.

The "trucks solution" follows the sale of Leyland Bus, Unipart, the spare parts business, JRA, the Australian subsidiary, Istel, the computer systems company, which should bring in more than £100m. Rover has kept a minority shareholding in all but Leyland Bus.

Mr Day's objective is clear: to leave himself free to concentrate on the two remaining operations: Land Rover and Austin Rover.

Land Rover is being prepared for sale in a year or two. Its strategy recognises the decline in market opportunities for the traditional Land Rover vehicles and focuses on a refined and upgraded Range Rover, particularly for export markets.

The real challenge, however, is Austin Rover, the car business which Mr Day hopes to return to profit and sell off, perhaps in the early 1990s.

Austin Rover is the last of the independent, small-volume, multiproduct car manufacturers in Europe. Mr Day says its strategies to date have not produced overall success because new products have not been as well received as expected and the company has failed to raise the perceived quality of products.

His fresh strategy for Austin Rover is based on improving the quality position of its products, moving the business up market and into specialist niches and increasing the importance of the link with Honda of Japan.

Some indications of this change in direction have already emerged. The recent announcement that Austin Rover wants another 1,200 redundancies among staff is an example of the attack on indirect costs.

On the product side, the corporate plan provides for the new K series engine and its associated gearbox, at a cost of about £200m.

The engine will be used in the replacement for the Metro, due in 1989.

However, it seems clear that a full replacement for Austin Rover's small car has been postponed until the 1990s. Instead there will be a substantially revised version of the Metro.

First of the new products under the Day regime will be the medium-sized replacement for both the Maestro and Rover 200-series, code-named AR8. This model has been developed with Honda for a launch next year.

Austin Rover's relationship with Honda dates from 1978, when the Japanese company provided a stop-gap medium car, sold as the Triumph Acclaim, for Rover to build under licence.

Follow-ups have been the Rover 200, successor to the Acclaim, and the jointly-developed Rover 800 executive saloon launched last year and its sister model, the Rover 800 hatchback, out later this year.

Austin Rover also buys two sizes of engine and related gearboxes from Honda and intends to purchase more if, as anticipated, the Japanese group establishes an engine-building facility at Swindon.

The two companies are talking about the possibility of Austin Rover building Honda cars. The UK company has already started producing for Honda the Ballade, on which the Rover 200 is based, and the Legend, Honda's version of the Rover 800.

Mr Day's plan says: "The relationship with Honda has developed to the point where Austin Rover would appear to be a very important strand in Honda's European market strategy. On the other hand, Honda is critical of Austin Rover's immediate plans for new products and important for future utilisation of facilities."

So far his efforts to tempt Honda into taking a minority equity stake in Austin Rover—up to 19 per cent—have failed.

The best Honda has been able to offer is the rather nebulous statement relayed this week by Mr Paul Channon, Trade and Industry Secretary, that: "It is the intention of both companies that the relationship should be a long-term one and should endure beyond the life of existing design and production contracts."

So, there is at least cause for hope. As Mr Garyl Rhys, professor of motor industry economics at Cardiff University, says: "Mr Day has been given more money to focus on his major problem—Austin Rover. If his marketing strategy works, and if on top of that he can introduce the new models—particularly the middle-area, profitable model, then the financial position of Austin Rover could change substantially for the better."

However, Mr Day has one, critical, short-term problem to overcome first. In the words of the plan: "1987 is a critical year for Austin Rover. It is vital for the company's long-term future that the deterioration in domestic sales is reversed:

The company's UK car market share fell by two percentage points last year to under 16 per cent and, in the search for pointers about how this could be reversed, Austin Rover commissioned one of the most extensive market research programmes carried out in the UK motor industry.

As a result of that research, Mr Day has decided that the Mini, which was due to go out of production shortly, be kept alive.

The most important misconception about the Rover 200-series models was that they cost about £10,000. So the advertising was changed to emphasise that prices are between £7,000 and £9,000.

Likewise most people believed the Montego was slow off the mark, even though it is one of the fastest in its class from 0 to 60 mph. Potential customers thought the colours were boring and the radio cassette was not up to much.

Austin Rover launched two new Montego models to counter these ideas—with two-tone paint work and new stereo equipment.

So far, so good. In January, Austin Rover's market share was nearly 17 per cent compared with 18.6 per cent for the same month last year. But the downward trend had been halted. Demand for the new Montego has been so good that 500 more production workers are being hired.

The attitude throughout the company today, as Mr Andy Barr, managing director (operations) describes it is: "We are not in the business of building cars. We are in the business of selling cars and making money. If the customers want us to stand on our heads, we'll do it."

Kenneth Gooding

Letters to the Editor

Reform of education

From the Executive Director, Managerial, Professional and Staff Liaison Group

Sir,—It is absolutely essential that a thorough debate takes place on the whole issue of how the British educational system should work. The articles by Joe Rogaly (February 11 and 12) suggest that Kenneth Baker's plans may be even more radical than they seem, surely that is the whole basis of trying to re-assess a system for the future.

This organisation has long pressed for a national core curriculum since we have believed that this would dissolve some of the anomolies that exist in the educational system at present.

It seems ironic that if we are to have a mobile workforce, institute high technology techniques, participate fully at a European level that we should not be in a position whereby persons educated in the north of England should not be able to move their parents to the south of England and receive a similar educational curriculum. At present this does not happen because each LEA is in a position to set its own curriculum and thus standards.

Today's parents are seeking value for money, are seeking to establish a system that provides their children with the best possible education. Today's parents accept that their children will be competing for jobs, jobs in the real world and not only here in the UK but also throughout Europe.

It is therefore absolutely essential that we all participate in this important debate and we do not just leave it to the activist, the teacher and the politicians. Parents, industrialists and trade unionists must participate so that we are in a position to offer a future to our children that is second to none.

Wilfred Aspinall.
Tavistock House,
Tavistock Square, WC1.

Chunnelling along

From the Editor, Railway Gazette International.

Sir,—At Manchester Piccadilly station the other day I saw a large poster giving "Advance notice of timetable alterations for Summer 1993: A through service of EuroCity Trains will leave this station for Paris, Brussels and other Continental destinations via the Channel Tunnel." So much for Mr Layton's assertion (February 16) that regular through services beyond London will be impossible due to the smaller loading guage in the UK.

In no way does this "unavoidable barrier" undermine Eurotunnel's through rail traffic projections, which will increase substantially when the results of a new survey are published next month. Thousands of freight wagons which can run freely on both sides of the Channel already exist, and many more will be in service by 1993. To exploit new lines planned on the Continent, 300 km/h passenger trains using the Channel Tunnel will in any case have to be purpose-built and capable of using at least three different systems of electric traction; BR has already said they will run to Glasgow and Edinburgh.

As for replacing the London to Brussels air shuttle, America's once-despised Amtrak trains — now running at 200 km/h — are shifting more people over the same distance between New York and Washington than any airline. Air services to Brussels and Paris will doubtless continue, but competition from high speed trains will be formidable once the tunnel is open.

Richard Hope.
Quadrant House,
Sutton, Surrey.

Running a council

From the Leader, Islington Borough Council

Sir,—If Cllr Heseltine (February 10) looks at public companies quoted on the Stock Exchange which are of similar size to Islington Council and have an annual turnover of approximately £1bn, he'll find their average gearing is 20 per cent-30 per cent.

If he sets our debt of £1bn against the council's total assets of £3½bn, he'll find our gearing is 28 per cent. We believe we're operating no differently from commercial organisations. Indeed, the banking industry regards local authorities as a better credit risk than most public companies where borrowing and lending are concerned.

The greater part of our debt —£650m—arises from traditional borrowing, ie, from the government's annual capital allocation which allows us to borrow money to be repaid over seven to 60 years, a period set out in legislation.

The remainder comprises our leasing obligations and deferred purchase schemes through which the council, in common with other local authorities, has sought to sustain vital housing capital programmes in the inner city, minimise the effect of government ratecapping and defend jobs and services.

The 25 per cent increase in staff to which Cllr Heseltine refers, is, at this stage, regrettably still a proposal, not a commitment. The jobs we want to create are real jobs providing much needed services for the community and much needed work for local people in an area where unemployment is over 20 per cent. Unlike Cllr Heseltine and his colleagues, we are in the business of regeneration, not degeneration.

(Councillor) Margaret Hodge.
Town Hall, Upper Street, N1.

Cuts in grants

From Professors D. Chambers and T. Nicholson

Sir,—We write as two teachers at the London Business School, now (as reported by your correspondent, February 13) under starter's orders from the University Grants Committee to take a 40 per cent cut in its grant while increasing the throughput of degree students in about the same proportion. We are doubly interested parties since our own teaching field (production, operations, the management of manufacturing) is probably the area most at risk under the proposed dispensation.

LBS can respond in two obvious ways: by substituting shorter, more specialised courses for its two-year master's programme, and by roughly tripling student fees (to about £5,500 a year). The US offers instructive models. There you find a plethora of programmes labelled MBA and the wise employer follows the rule of caveat emptor. No-one there argues (on the lines of the vice-chancellor your correspondent spoke to, but who did not give his name) that Harvard, taking two years over its MBA, is one-third as productive as Peoria Pan-World College which rolls them off in eight months. Lots of product variants are feasible and LBS does have a choice.

At a tripled fee, LBS would need to tilt both recruitment and curriculum towards the fields where the immediate post-graduation salaries of LBS graduates are particularly high and the payoff period on the extra investment therefore relatively short. This means much greater specialisation in finance and accountancy, much less for those committed to careers in manufacturing and the management of operations. Over the past decade 64 per cent of LBS graduates have gone on to work in manufacturing and the non-financial service sectors and 68 per cent of master's students have been from the UK. Both figures would plummet as the UGC's new policy began to bite, and indeed the school might begin to look like the institution described by the nameless vice-chancellor.

The UGC came under fire recently from the House of Commons select committee on education because the shock therapy it administered in 1981 had done most damage in precisely the fields where national needs are most pressing. As the curtain rises again, what we see looks depressingly like the same old stage-set. Management competes with the other professions and careers for the most capable and creative members of each successive age-cohort. A main part of LBS's remit has been to help recruit a greater and more talented share of the cohort into management and to help channel them into every sector of industry and commerce. The school can absorb these cuts, but at the cost of tying itself more exclusively to the needs of the financial sector and of drawing in a narrower range of students. Is that what anybody even the fumbling UGC, really wants?

(Professor) D. J. Chambers.
(Professor) T. A. J. Nicholson.
Sussex Place NW1

The vanishing independents

From Mr H. Lennon

Sir,—Congratulations, at last an "independent" journalist, Teresa Hunter (February 14) has aptly summarised the ramifications of the Financial Services Act from the point of view of the investing public and the true independent intermediaries.

The act is to a large extent self defeating, instead of a wider unbiased consumer choice, a narrower and in many cases tied or biased consumer choice, will inevitably result. The contraction of the independent intermediary service may be even greater than is generally realised. I believe that, unlike the London based independents, the majority of provincial intermediaries are sole proprietors existing on gross incomes of £15,000 to £25,000 per annum before expenses. How can such operations carry the initial estimated costs referred to of £900 membership admission to an SRO, plus £4,000 towards a compensation fund, plus escalating annual membership subscriptions estimated to double at least by next year to £600 per annum, plus individual professional indemnity cover costing in the region of £1,500 per annum?

Nick Bunker's article on the life assurance industry in the same issue indicates that one of the front rank mutuals is expecting to lose 25 per cent of its independent intermediaries. I would suggest over 50 per cent will be lost and that by the time the "Group of 13" gets its act together and institutes its no doubt formidable campaign towards educating the public, regarding the merits of independent advice, the public will have problems finding the true independents.

H. Lennon,
39, Beauclerk Road,
St. Annes-on-Sea, Lancs.

Regional pay and policy

From Mr G. Riley

Sir,—Both the recent surges in popularity for "performance related pay" and the end to national pay bargaining reflect the view that pay negotiations should not be confined to some "national" numeraire which considerably restricts wage flexibility.

It is thoroughly desirable that collective bargaining should become more decentralised. Wages in "depressed" regions need to be lower to reflect differences in living costs, changing comparative advantage and as an incentive for firms considering re-location.

Unfortunately, too much of current infrastructural investment acts to persuade businesses to stay in the south-east (notably the M25; Channel tunnel).

Kenneth Clarke's call for greater regional pay variation needs to be supplemented with a much stronger and active regional policy than the government has so far found fit to provide. There are many parts of the North's infrastructure which require renewal, which together with sensible local wage flexibility would make many locations even more attractive.

Geoff Riley.
48 Harpenden Road, SE27.

Argyll completes Barton disposal

BY LISA WOOD

Argyll, the supermarkets group, is to sell Barton Brands, its US drinks distributor, for $41.5m (£27.1m) cash with a further $6m to be paid over the next four years in a management buy-out led by Mr Ellis Goodman, president and chief executive of Barton. Mr Goodman already owns a 5 per cent stake in Barton.

In addition Argyll will sell stocks of Scotch whisky to Barton over the next four years at a price in excess of their book value of $8.7m. Last year Barton contributed a pre-tax profit of £10.3m to Argyll.

Argyll said yesterday that discussions were in progress for the sale of George Morton, its UK drinks business by March 31. "This disposal," the group said, "will complete Argyll's withdrawal from the drinks sector."

The group, which owns the Presto supermarket chain, last month announced it was buying Safeway Food Stores in the UK. Argyll said yesterday that its future management effort would be concentrated on its development as a major force in food retailing.

The group had intended to develop its drinks interests and made a bid for Distillers, the Scotch whisky group. However, the Scotch distiller was acquired by Guinness. The sharedealings at the time of the bid are now the object of a Department of Trade and Industry investigation.

The £681m Safeway acquisition lifted Argyll's gearing from around 50.6 per cent to 98 per cent. The Barton sale will reduce the gearing to around 80 per cent.

Meanwhile several Argyll executives, including Mr James Gulliver, group chairman, announced they had sold more than 5m new Argyll shares they were entitled to acquire in the Rights issue to finance the acquisition. Mr Gulliver sold some 3.9m shares, bought at £3.20 each and sold at £3.78.

Alumasc advances 70% in first half

THE FIRST interim figures from Alumasc Group were issued yesterday. They showed the pre-tax profit well on the way to being doubled and *matching the whole of 1985-86*, and the market showed its appreciation by marking up the shares 30p.

The group, which serves the brewing, building and security industries, came to the market last May priced at 150p per share. Last night the shares closed at 263p.

Turnover in the six months ended December 28 1986 rose 22 per cent, from £13.34m to £16.28m, while the operating profit advanced by 70 per cent, from £1.43m to £2.43m.

Offer for sale proceeds were used to eliminate borrowings, and the effect was reflected in the interest. This time there was a credit of £6,000, against a charge of £131,000, so further boosting the pre-tax profit to a rise of 88 per cent, from £1.29m to £2.43m.

Stated dividend policy was that an interim payment would equal approximately one-third of the year's total. For 1986-87 the company has declared an interim of 2.5p net from earnings of 12.6p (7.1p) per share. *Pre-tax profit for the whole of* 1985-86 year was £2.77m.

Reporting to shareholders Mr John McCall, chairman, said the high level of capital investment reflected the confidence with which the group viewed the future.

Each division contributed to the growth in turnover with particular strength in the sales of new beer containers, building products and precision components.

The programme for improving the performance of Ingersoll Locks continued. While demand for beer containers remained strong it would not match the exceptional level of the previous second half.

Last November, Alumasc entered into an agreement with the German keg manufacturer, Thielmann-Luwa, for technical assistance in connection with the proposed new stainless steel keg plant.

Mr McCall said the contract for construction had since been placed, as well as orders for the major items of equipment. He continued to view that project "with enthusiasm."

SAC makes two purchases for total £5m

BY JANICE WARMAN

SAC International, the acquisition-hungry USM design engineering group, has acquired two companies for a total of £4.92m.

Preston-based John Fenton (Engineers), provides engineering and design services to the nuclear, aerospace and defence industries. The maximum price of £2.72m is to be satisfied by the issue of ordinary shares.

Engineering Support Services of Reading is a technical publications and translation specialist with clients including Plessey, Digital, ICL and Ferranti. The price of £2.2m is also to be satisfied by shares.

Turriff Corporation, builder and property developer, agreed to sell its 49 per cent shareholding in Engineering Support Services for £1.1m.

Mr Roger Smedley, chairman of SAC, said the acquisitions made geographical and industrial sense. "John Fenton operates in very similar industry to ourselves—and is in the north-west, where we haven't a presence."

ESS would give the company *good geographical spread* in the south, and would fit in with its technical publications division, he added.

"They will both continue under their own names, but will have the support of stronger management and greater resources."

In the five years to 1986 Fenton's pre-tax profits rose from £37,000 to £268,000. Mr Martin Fish, Fenton managing director, said he welcomed the move.

"It gives SAC a stepping stone in the north west and Fenton the opportunity to draw on SAC's computer-aided design experience."

SAC is to satisfy the initial consideration of £2.5m by issuing 1.54m ordinary shares. Up to an additional £220,000 will be paid in shares if the company's pre-tax profits exceed £355,000 for the year ending March 31 1987.

ESS's pre-tax profits climbed from £98,000 to £405,000 between 1981 and 1986. SAC will satisfy the £2.2m purchase price with the issue of 1.39m ordinary shares.

Mr Nat Minzley, chairman of ESS, said he viewed the companies' joint future with optimism. "Many of SAC's high technology customers will require our expertise in technical publications and translations. The field is moving very fast into an international arena."

SAC lifted its own pre-tax profits by 51 per cent from an adjusted £1.1m to £1.66m in the year to August 31 1986. This, said the chairman, reflected organic growth as well as the acquisition of Focus Technical Services, its first since joining the USM in November 1985.

SAC's shares closed 10p higher at 175p.

Lee Ming and Rawda lift Aitken stakes

BY DAVID THOMAS

Lee Ming Tee Group, the investment and financial services company controlled by Mr Lee K. Ming Tee, a Malaysian businessman based in Australia, and **Rawda Investments**, a Saudi Arabian investment company, have continued to build up their holdings in **Aitken Hume**, the British financial services group.

They each own more than 24 per cent of Aitken, but Aitken says that both stakes remain friendly.

Companies within the *Lee Ming Tee Group have acquired* another 680,000 Aitken shares, taking the group's stake to 24.5 per cent.

Mr *Emmanuel Olympitis*, Aitken managing director, said the group had informed Aitken of its intentions.

He added *that there was a* close fit between Lee Ming Tee's interests in the Far East and Australia and Aitken's interests in the UK and the US.

Rawda's stake has increased from 19.2 per cent last week to 24.51 per cent now.

Mr Olympitis said that Rawda remained "extremely committed to the company."

Neither group can take its stake beyond 24.99 per cent *without triggering US change* of control rules.

In August, Aitken rebuffed a £69m bid from Tranwood, a shell company controlled by Mr Nick Oppenheim, the financier, when independent directors of the US fund management arm refused to sanction a change in control which could have jeopardised Aitken's NSR fund management subsidiary's mutual fund contracts in the US.

Mr Olympitis said of Lee Ming Tee's and Rawda's stakes: "They have gone up to the maximum now."

Increase in funds boosts Framlington

A SUBSTANTIAL increase in funds under management resulted in another sizeable boost *in profits for Framlington Group*, unit trust manager, in the six months to December 1986.

Turnover expanded by 87 per cent to £50.74m. Investment and other income totalled £434,000 (£305,000), but interest payable increased to £51,000 against *£18,000 last time. After tax of* £1.02m (£628,000) and minorities of £4,000 (£2,000), attributable profits rose 78 per cent from £941,000 to £1.68m, and adjusted earnings per share increased to 27.38p (15.99p).

Throgmorton Investment Management Services, acquired during the period from Laurence Prust, now had funds exceeding £500m under management and made a full contribution to group profits, the directors said.

Unit trust sales for the first quarter were disappointing, but the successful launch of Fram*lington Financial Fund initially* attracted £21.2m and had benefited the results, they added. Current sales of units were strong following the increase on January 1 in commissions payable to intermediaries.

Courtney Pope profit rises 29% in first half

Courtney Pope (Holdings), the North London-based shopfitting manufacturer and electrical contractor, anonunced a 29 per cent increase in pre-tax profits in the six months to end-November 1986.

On turnover ahead from £22.84m to £24.05m, profits rose to £1.3m (£1m). After tax of £424,000 (£352,000), earnings per 50p share came out at 8.46p against 6.36p last time.

The interim dividend is increased to 2.25p (1.75p).

Courtney Pope supplies its products to the leading multiple retailers and the directors stated that this sector's buoyancy should result in increased profits for the group in the current year.

During the period, Courtney Pope acquired Better Electro-Plating, a metal finisher, for £250,000, plastic mouldings concern Britecrest for £50,000, and W. Potrafke (UK), involved in checkout and display equipment, for £265,000. The directors said that the acquisitions would improve margins, turnover and profit and that some benefits should be felt during the second half.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or –	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
‖‖	F.P.	30/1	80½	65	‡Avesco (Reg) 1p	80½	+2½	L0.5	6.6	0.9	20.6
‖‖	F.P.	—	63	37	‡Border TV	54	......	†g2.5	3.2	6.5	13.6
125	65	3/4	119½	104	British Airways	109	+1	R6.0	2.4	5.0	9.6
§110	F.P.	—	133	123	Dale Group 10p	126	+3	R4.5	2.6	5.0	10.9
§94	F.P.	6/1	121	107	‡Gaynor Group 10p	121	+1	L2.67	2.8	3.1	16.3
§23	F.P.	5/1	29	24	‡Harmony Leisure 5p	29	......	10.1	12.4	0.5	23.3
§100	F.P.	14/1	121	91	‡Hornby Group 5p	91	–2	R3.195	2.8	4.9	10.3
§128	F.P.	30/1	180	146	Hoskyns Group 5p	180	+1½	u1.6	4.7	1.3	24.0
§144	F.P.	23/1	162	144½	MIL Research 5p	162	+1	R3.0	3.4	2.6	15.7
§102	F.P.	—	121	104	‡Mayborn Group 5p	120	–1	R3.2	3.0	3.8	12.5
150	75	—	78	75	Mezzanine Tst. Inc.	77	......	a10.4	—	9.7	—
50	F.P.	—	53	50	Do. Capital 50p	50	......	a10.4	—	11.7	—
‖‖	F.P.	—	53	52	Mollitrust	52	......	—	—	—	—
§100	F.P.	—	109	101	Paribas French Inv. Tst.	109	+1	—	—	—	—
§100	F.P.	—	134	120	‡Sanders & Sidney 5p	134	+4	R4.26	2.0	4.5	15.6
—	F.P.	—	106	97	Scot. Inv. Tst. Warrants	100	......	—	—	—	—
§112	F.P	8/1	140	119	‡Tribble Harris $0.01	140	+8	R03.6c	2.8	1.8	20.5
§130	F.P.	27/2	183	148	Viking Packaging 10p	183	......	u3.5	3.0	2.7	17.7

For British Gas see London Share Service (Oil & Gas).

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or –
101.61	£10	19/3	12¼	11½	Mid-Kent Water 8¾% Red Prf. 1997	12	......
§100	£50	15/5	52¾	41½	Mid-Sussex Water 11% Red Deb 2012-16	52¾	......
§99.237	F.P.	5/5	102¼	100⅛	Moats Inv. Tst. 11% Deb. 2012	102	—
—	F.P.	—	100⅝	100	Nationwide 10 13/16% Bds. 15/2/88	100⅝	+1/16
¶¶	F.P.	—	121½p	110½p	P. & O. 6¾% Cnv. Red. Prf.	121p	–½

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986/7 High	1986/7 Low	Stock	Closing Price p	+ or –
310	Nil	16/3	78 pm	65 pm	Anglia TV	76 pm	–2
170	Nil	—	43pm	40pm	Burgess Products	41pm	–2
175	Nil	18/3	25 pm	3½ pm	‡Cannon St. Invs. 20p	23pm	–1
480	Nil	27/3	93 pm	48 pm	Cookson 50p	76pm	–2
137	Nil	27/3	39 pm	14 pm	Wiggins Group	38 pm	+2

Renunciation date usually last day for dealing free of stamp duty. *a* Annualised dividend. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures † Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. *u* Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

Benchmark profit setback

Implementing a new strategy to enhance long-term prosperity has hit the results of Benchmark Group, and for the six months ended December 31 1986 its pre-tax profit fell from £676,000 to £280,000.

However, with the benefit of an exceptional £98,000 sale and leaseback arrangement, the latest period's profit was £378,000. The interim dividend is held at 0.75p net from earnings of 0.85p (1.4p).

The directors explained that the business of the main subsidiary had been re-directed from predominantly one-off lending transactions to the direct marketing of banking and related services.

While the business had grown satisfactorily, margins had been reduced and some expenses incurred earlier than budgeted.

They were confident that the subsidiary would be better able to build sustainable earnings from its newly-established base. The full year should also see the benefit of the proposed acquisition of Charlton Seal.

Drayton trusts improve

Two Drayton investment trusts managed by MIMI have announced their results for 1986, both showing increases in earnings, dividends paid, and in net asset value.

Drayton Far Eastern is paying a final dividend of 0.8p for a net total of 1.2p (1.1p) from earnings of 1.72p (0.95p). Its net asset value was 267.25p at December 31, compared with 230.5p at June 30 and 170p a year earlier, after taking preference stock at nominal value.

Unfranked income rose to £632,000 (£570,000).

Drayton Japan is lifting its dividend from 1p to 1.05p net, from earnings ahead to 2.19p (1.1p). At December 31 net asset value came to 870.75p, against 854.63p at June 30 and 534.63p the year before, after deducting the preference stock.

Unfranked income surged to £2m (£1.53m) and underwriting and other commissions advanced to £483,000 (£85,000).

F & C Enterprise higher

F & C Enterprise Trust improved its net asset value to 33p at end-1986 against 29.2p a year earlier. At June 30 1986 it stood at 32.7p.

The directors are recommending an increase in the single final dividend to 0.12p (0.105p), to be paid from earnings per 10p share 17 per cent ahead at 0.21p (0.18p).

Mr John Sclater, the chairman, said the maturing of the *portfolio, the generally favourable* economic climate and the growing strength of the F & C Ventures' management team all provided reassurance for the future.

Net revenue for the year came out at £184,152 (£155,876) after a tax charge of £76,966 (£70,152).

Kunick to return to market via USM quote

By Philip Coggan

Kunick Leisure Group, the amusement machine company which owns the London Dungeon, announced at yesterday's AGM that it was planning to join the Unlisted Securities Market via an introduction. Kunick's shares are currently trade on the over-the-counter market.

The company has had an on-off history of stock market quotes. *In its earlier incarnation* as a clothing manufacturer, its share listing was cancelled in August 1978, relisted in October 1979 and suspended in February 1981. Then in 1983 Sir Fred Pontin and Mr Don Robinson, Hull City Football Club's chairman, injected some of their leisure interests into the group.

In early 1985, the company anticipated joining the USM during the year but instead the South African group Kersaf, which owns the Sun City entertainment complex, injected *capital by taking* a 40 per cent stake. That holding caused Kunick problems later in the year when the group bought Allied Entertainments, Mr Harvey Goldsmith's rock promotion group, for £6.75m.

Rock stars were none too *keen on supporting* a group with South African links and Kunick sold the group back to Goldsmith for £3.4m eight months later. Then a deal to purchase Nomis, the company which managed pop group Wham! was abandoned when Mr George Michael, half of the group, *decided to* pursue a solo career.

Sir Fred Pontin and Mr Ronnie Aitken resigned as directors of the group last month. The only comment from either was Mr Aitken's cryptic statement—"Neither Fred nor myself does things lightly."

The current chairman, Mr David Hudd, yesterday announced that the group had *sold its Scunthorpe* disco and ice rink to Midsummer Leisure for £750,000. Kunick's last full year pre-tax profits were £2.33m on turnover of £13m.

Bond's buying TV-am stake is approved

THE Independent Broadcasting Authority last night gave approval for Mr Alan Bond, the Australian entrepreneur, to acquire a large stake in TV-am, provided that he only exercised 10 per cent of the voting rights in the breakfast television station.

Mr Bond recently reached agreement to take a 24.9 per cent stake in TV-am as part *of a A$1.1bn (£470m)* takeover of the broadcasting interests of Mr Kerry Packer's Consolidated Press Holdings.

However, when TV-am was floated on the stock market last year it was stipulated that no new shareholder should own more than 10 per cent of the voting shares.

The IBA said it would approve the transfer of *the stake to Bond Corporation* provided that it was reduced to 20 per cent within 12 months and the new owner only exercised 10 per cent of the voting rights.

The IBA said it had consulted both TV-am and the Bond Corporation before reaching its decision.

Counter-bid hopes lift Avana shares

Shares in Avana, the food group fighting a takeover bid from Ranks Hovis McDougall, rose strongly *yesterday*, to close at 743p, up 23p on the day, following a statement on Thursday that it had received unsolicited inquiries from other potential bidders.

Avana's statement, issued in response to a request for clarification from the Takeover Panel, *said no discussions* were in progress with other parties.

There have been market rumours that the other potential suitors may have included Associated British Foods and Unigate, the milk company.

Rowe Evans rights

The rights issue of 5.72m shares at 42p offered by Rowe Evans Investments *was taken up* as to 5.56m (97.2 per cent). The remainder have been sold in the market and net proceeds will be distributed pro rata.

Small investors tune in to Capital Radio flotation

BY RICHARD TOMKINS

THE OFFER for sale of shares in Capital Radio, the London independent radio station, proved *to have* been heavily oversubscribed following a wave of interest in the issue from small investors.

Members *of the* public put in 134,860 applications for 220.8m shares and 134 employees put in applications for 445,650 shares. With only 3.91m shares on offer, the issue was subscribed 57 times.

Consequently the shares will be severely rationed. About nine out of every 10 applicants will be eliminated from the allocation altogether through a ballot, and most of the successful applicants will receive only a small proportion of the shares they applied for.

The average size of application from *members of the* public was for about 1,650 shares, which confirms predictions that small investors would emerge as heavy buyers of the issue in the wake of the strong start to dealings in British Airways.

The high level of subscription has increased the possibility that the shares will go to a premium when dealings begin on Friday next week. Some stockbrokers' analysts are predicting a 10p to 15p premium above the 105p offer price, and one forecast an opening price of 130p.

City institutional investors, however, who are the usual buyers of shares in the after-market, may regard the issue as too small for them to be able to build up a reasonable size of holding. If small investors emerge as strong sellers, the premium *could therefore* be limited by a low level of institutional demand.

Sir Richard Attenborough, *Capital Radio's chairman*, said he was delighted at the extent of the interest in the issue.

"We thought that the issue would be popular, especially among our listeners, but the overwhelming response has exceeded any pointers suggested by other recent broadcasting issues," he said.

"In our method of balloting and allocation we have taken all the reasonable steps open to *us to meet the smaller applica*tions, but inevitably, many of the 135,000 applicants will be disappointed."

Applications for 200 to 5,000 shares will go into a weighted ballot for 200 shares. Applications for 6,000 to 10,000 shares—ballot for 250 shares. For *15,000 to 20,000—ballot for 500*. For 25,000 to 30,000—ballot for 750. For 35,000 to 40,000—ballot for 1,000. For 45,000 to 60,000—ballot for 1,500. For 70,000 to 80,000—*ballot* for 2,000.

Applicants for 90,000 shares and over will receive 2.5 per cent of the number applied for.

Red Rose seeks quote to finance expansion

BY MIKE SMITH

Red Rose Radio Group, controller of stations in Preston, Leeds and Cardiff, yesterday announced plans to join the Unlisted Securities Market later this year.

Mr David Maker, managing director, also unveiled an operating profit for the year to the end of September 1986 of £571,000, 40 per cent higher than the previous year.

In the first quarter of the current year sales had dramatically increased, each station was increasing its audience substantially and the operating profit was £337,000.

M/C 13 8/8

The company The company

The company says losses at both Red Dragon Radio in Cardiff and Radio Aire in Leeds have been eliminated. Turnover at the two stations in the first quarter of this year was up 70 per cent and 38 per cent respectively.

Red Rose in Preston has increased profits each year since its 1982 launch. Its turnover rose 44 per cent in the first quarter.

Mr Maker said some of the money raised in joining the USM would be used to finance future expansion. The flotation would also give existing shareholders the chance to benefit from their initial investment.

The flotation is planned for the autumn.

Forward Group coming to USM in £2m flotation

BY PHILIP COGGAN

Forward Group, a manufacturer of specialist printed circuit boards, is joining the Unlisted Securities Market via a £2m placing. Albert E. Charp is placing 1.6m shares at 125p each, putting a market capitalisation on the company of £9.95m.

Forward was formed in 1979 by Mr Ray Chamberlain and Mr John Goulding, now chairman and *chief executive* respectively. The group concentrates on producing hi-tech boards in small batches for use in industrial prototypes and attempts to avoid high volume, commodity-style production.

Most of the funds raised will be absorbed by existing shareholders, leaving *only £110,000* for the company. The directors and their families will own around 78 pe cent of the company following the placing.

Forward believes that a USM quotation will improve its profile as it attempts to increase overseas sales and will make it easier to make acquisitions in *future years*.

The group's pre-tax profits have increased from £122,000 in the year to January 31, 1982 to £558,000 last year with a dip in profits in the year ending January 31, 1984, bevause of a move to new premises. For the year just ended, the directors are forecasting that profits will have been not less than £900,000.

The directors intend to re*commend a dividend for the* year ending January 31, 1988 of not less than 2.2p net.

LET sells stake in BCA

London and Edinburgh Trust, the property group, *yesterday* disclosed that it had sold its 5 per cent stake in British Car Auctions Group.

The announcement came just two months after LET announced that it had acquired the stake and had agreed terms for the two groups to "work *together to exploit the con*siderable hidden property potential within BCA." Yesterday neither group was available for comment on the stake sale.

In a separate development LET has acquired a stable minority stake in Rockhold, a privately-owned property *developer which intends to seek* a public listing in due course.

LET has purchased 101,620 shares, representing 37.5 per cent of Rockhold, for a total consideration of £3.6m, although this figure is subject to pre-tax profits exceeding £2.8m in the two years ending December *1986 and 1987*.

LET has also acquired 1m Rockhold 10 per cent convertible subordinated unsecured loan notes 1989, which on conversion would lift LET's holding to between 42.5 and 49 per cent, again depending on Rockhold's profits performance.

Owen & Robinson buys

Owen & Robinson, York-based jeweller and diamond merchant, is buying 55 per cent *of F. W. Lawrence Jewellers*, a retailer based in Lewisham, London. The consideration is £456,000 satisfied by the issue of 160,000 new ordinary shares.

There will be a further profit-related payment to a maximum of £270,000, also satisfied by shares.

On completion Mr F. W. Lawrence will be appointed executive director with responsibility for management of the group's retail division.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alumasc ....int	2.5	Apr 16	—	—	—
Barrow Hepburn	1.7	—	1.5	2.7	2.5
Benchmark ....int	0.75	May 18	0.75	—	1.63
Courtney Pope ....int	2.25*	May 15	1.75	—	5
Drayton Far Eastern..	0.8	Apr 1	0.7	1.2	1.1
Drayton Japan	*1.05*	Apr 1	1	*1.05*	*1*
F & C Enterprise	0.12	Apr 3	0.11	0.12	0.11
Framlington ....int	5†	Apr 16	3	—	9
Inv Tst of Guernsey...	5.5¶	May 7	4.75	8	7.25
Tribune Inv Tst	2.7	Apr 7	2.15	3.35	2.75
Vantage Secs	1.4	Mar 18	1.2	1.9	1.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Gross.

Inv. Tst. of Guernsey

The net asset value of the Investment Trust of Guernsey rose 25 per cent to 223p per 50p share in the 12 months to end-December 1986.

A gross final dividend of 5.5p is proposed (4.75p), making 8p (7.25p) for the year.

Net revenue rose from £838,717 to £899,000, after tax of £275,000 (£252,476), and earnings per share came out at 6.5p against 6.1p for 1985.

The directors have proposed a dividend/scrip option for shareholders and a subdivision of shares into 10p units.

Barrow Hepburn profits unchanged

By David Thomas

BARROW HEPBURN, chemicals and engineering company, which is the subject of a bid battle between Yule Catto and BTP, reported pre-tax profits down at £2.22m against £2.26m on sales down 3.6 per cent from £47.67m to £45.97m for 1986.

Mr Gerald Berwick, Barrow finance director, said last night the fall in profits was mainly due to a downturn in the engineering division, particularly those parts affected by the fluctuating dollar exchange rate.

He added that he expected the downturn to be temporary. The board has already forecast profits for 1987 of more than £3m.

The company said the chemicals businesses performed strongly in 1986 and the consumer products division performance was sound. Earnings per share were up by 8 per cent at *4.88p (4.13p)*.

The directors intend to recommend an increase in the final dividend to 1.7p (1.5p), making 2.7p (2.5p) for the year. However, the timing of the payment is being delayed in view of the two bids.

Trading profits for the year were unchanged at £2.73m. Interest payable was 505,000 (£466,000) and tax was 334,000 (£802,000).

There were extraordinary charges this time of £26,000, being the capital loss on the sale of an unprofitable business and rationalisation costs relating to another business.

On April 1, following actuarial advice, it was decided to make no contributions to the company pension scheme for at least a year. This yielded savings of £171,000 for the nine months to the end of December.

● Yule Catto yesterday announced that it was extending its offer for Barrow until 3 pm on March 13.

Local London buys

The USM listed Local London Group has acquired the leasehold interest in 200-208 Tottenham Court Road, W for £2m. The property comprises shop and office accommodation and will be refurbished at a cost of £1.2m.

A sale and leaseback arrangement for the office development has been agreed with Provident Mutual Life Assurance, but the company will retain the reversionary shop investment currently valued at £1.8m.

The sale and leaseback is based on a rental of £356,000 per annum with five-yearly reviews. This is anticipated to provide a pre-tax contribution *in excess of £400,000 annually*.

Tribune Inv. Trust

Net asset value of Tribune Investment Trust stood at 198.5p per share at end-1986, a 28.4 per cent improvement on the 154.6p a year earlier. At end-June it was 181.7p.

Net revenue for the 12 months rose by 22 per cent from £1.79m to £2.18m after tax of £1.06m (£950,000), *for earnings* per share up from 3.49p to 4.25p.

A final dividend of 2.7p (2.15p) raises the total for the year by 0.6p to 3.35p net.

Gross revenue totalled £3.6m (£3.08m), with investment income ahead from £2.7m to £3.13m. *Management expenses* took £360,000 (£325,000), and interest charges last time were £11,000.

Vantage improves

Earnings from Vantage Securities for 1986 improved from 1,602p to 1,939p, and the dividend is lifted from 1.6p to 1.9p net, with a final of 1.4p.

At December 31 the net asset value was shown to be 82.8p, compared with 76.5p at June 30 and with 63.4p the year before.

Gross income for 1986 totalled £111,000 (£94,000) with franked at £68,000 (£62,000) and unfranked £9,000 (£11,000). Tax charged was £24,000 (21,000).

Valin Pollen

The annual meeting of Valin Pollen International was told that all subsidiaries had made *an extremely good start* to the current year. The largest company had acquired major new clients since the beginning of the year.

As part of a strategy designed to extend the range of activities, the company was exploring the scope for developing a new direct marketing capability.

Williams Holdings

In a move designed to simplify the company's share capital, Williams Holdings, the fast-expanding engineering conglomerate, has announced proposals for the early conversion of 5 per cent cumulative convertible redeemable preference shares.

The conversion, expected to become effective on March 16, is to be carried out on a three ordinary shares for every seven preference shares basis. Fractional entitlements are to be ignored. Holders of the preference shares would also receive a special supplementary dividend of 5 per cent.

IMPERIAL CHEMICAL Industries' acquisition of Inmont from BASF will not be referred to the Monopolies and Mergers Commission by Mr Paul Channon, secretary of state for Trade and Industry.

INTERNATIONAL COMPANY NEWS

Komatsu result hit by rising yen

BY YOKO SHIBATA IN TOKYO

KOMATSU, the large Japanese maker of construction machinery, has reported Y28.42bn ($184.6m) in pre-tax profits for last year, down 32.4 per cent.

Net profits were 41 per cent lower at Y13.5bn, on turnover of Y605.02bn, up 1 per cent.

Komatsu attributed the profit drop chiefly to the surge in the yen's value against the dollar, forcing it to alter its business strategy four times. Without non-operating profits, stemming mainly from its investment of financial assets, the profit decline would have been much more steep, the company said.

In the domestic market, demand for small equipment for urban civil works and housing-related construction increased thanks to government measures for demand expansion, including stepped up public spending and the national supplementary budget.

Strong sales of large stamping machines to automakers also contributed to an improvement in domestic sales by 3.5 per cent to account for 45.7 per cent of the total turnover. Overseas sales dipped by 1.3 per cent.

Last autumn Komatsu started knockdown production of construction machinery in the US, UK and Brazil in an effort to make the yen's rise more manageable. The company said production in the US and UK would amount to some Y30bn this year. It will also spend Y20bn on materials from newly industrialised countries, compared with the previous year's Y5bn.

As a result of the production shift overseas, parent company's sales for the current year are expected to dip 2.5 per cent to Y590bn. However, pre-tax profits are expected to improve by 2 per cent to Y29bn, thanks to cost reductions and price increases.

The company intends to maintain its annual dividend at Y8 per share.

● Mazda Motor reported consolidated net earnings in the year to October down 62.4 per cent to Y14.85bn, AP-DJ adds.

Sales rose 3.5 per cent, however, to Y1,728bn. The company sold 1.46m vehicles worldwide, up from 1.37m units.

Kodak snaps Fuji throwaway line

BY LOUISE KEHOE IN SAN FRANCISCO

EASTMAN KODAK, the US photography giant, and Fuji Photo, its Japanese arch-rival, are each to launch "disposable" cameras in the American market.

Kodak's announcement, which came as a surprise to industry analysts, beat Fuji's anticipated product introduction by one day, but both companies aim to boost film sales in the US with cameras costing less than $10 that can be used just once.

The battle of the throw-away cameras is the latest episode in aggressive marketing campaigns by both companies to win attention for their photographic products at the expense of each other.

"There is no question that Kodak timed its announcement to outdo Fuji," commented Mr Charles Ryan, Merrill Lynch photography analyst. Kodak's response was faster and more aggressive than in the past, he added.

Designed for taking outdoor snapshots, the Kodak Fling camera will sell in the US for $6.95. It will be aimed at children, travellers who have left their cameras at home, and visitors to amusement parks and sporting events.

"Our concept is to market a 110 cartridge film in an inexpensive housing with a lens, a simple shutter and manual film advance," said Kodak. "When the roll of film is completed the user simply returns the entire camera to a film developer."

Fuji, which has been selling a similar camera in Japan for about nine months, says that it will offer a 35 mm throwaway camera in the US later this year, priced at about $10.

Analysts predict that US sales of disposable cameras will quickly grow to about 5 per cent of the film market with annual sales of around 35m units.

● Kodak plans to divest the retail division of Fox Photo but retain the subsidiary's 20 wholesale photofinishing laboratories, Reuter adds from New York.

The division to be divested includes 500 outlets, 200 of them with minilabs, and employs about 2,000 people. No projections were made on the financial impact of the move, which follows the acquisition of Fox Photo last December.

Profits fall at Showa Denko

By Our Tokyo Staff

SHOWA DENKO, the Japanese chemical company, has reported a 16.5 per cent decline in pre-tax profits to Y8.92bn ($57.9m) last year.

Extraordinary profits of Y26.2bn were derived from the sales of land and other assets in order to recoup the most from its 27bn losses on the liquidation of Showa Aluminium and Shikase Denko, two subsidiaries.

Net profits at Y3.69bn were thus down only 10 per cent, on sales of 353.15bn, a drop of 17 per cent. Showa Denko is to maintain its dividend at Y4 per share.

For the current year, petrochemical product prices are forecast to pick up, and sales of new products such as silicon wafers are expected to increase. Full-year pre-tax profits are expected to reach Y10bn, up 12.1 per cent, on turnover of Y400bn, ahead by 13.2 per cent from the previous year.

Finnish forest group ahead

BY OLLI VIRTANEN IN HELSINKI

KYMMENE-STRÖMBERG, the Finnish forest products group which recently announced plans to build a paper mill in Scotland, reports a profit of FM 250m ($55m) after financial items, but before net income from the sales of assets.

During 1986 Kymmene sold off Strömberg, its power technology unit, which had a turnover of FM 2.04bn in 1985, to Asea of Sweden. Earlier last year Kymmene had acquired Kaukas, another Finnish paper maker with a turnover of FM 1.86bn in 1985. All in all the group turnover of Kymmene-Strömberg declined by 5 per cent to FM 8.1bn in 1986.

Profit before appropriations, but after net income from the sale of assets, rose to FM 700m. The group's operating margin was down at 14 per cent of turnover, reflecting the poor performance of the Strömberg unit. The forest products sector recorded an operating margin of 18 per cent, the same as in 1985.

The consolidated figures included Nordland Papier, the paper company in Germany jointly owned by Kymmene and Kaukas, which was "remarkably profitable." Other group subsidiaries included Star Paper in Britain and Kymmene-Boucher in France.

Mr Casimir Ehrnrooth, Kymmene chairman, says in the preliminary results for 1986 that the group's order books were satisfactory throughout the year, but the price level stayed too low because of over supply in certain grades. He expects 1987 to be better for the group.

Hasler sales expand to SFr 882m

By John Wicks in Zurich

HASLER, the Swiss telecommunications company, has reported a 13 per cent rise in group turnover for 1986 to SFr 882m ($568.5m).

New-order volume increased by 15 per cent to a record SFr 908m due mainly to "gratifying business" in the fields of public telecommunication services and automation.

It added that earnings, however, failed to keep pace with sales, this is attributed both to restructuring measures in the components sector and a drop in prices necessitated by tougher international competition. For the first time, cashflow is said to have been exceeded by investment spending.

Hasler Holding, the Berne parent company, expects a slight rise in profits for the year to June over the 1985-86 figure of SFr 9.67m. The board will propose payment of a half-dividend at the extraordinary meeting of June 4—at which shareholders are to vote on Hasler's merger with Autophon, the audio components maker — and a further half-dividend at the first annual meeting of Ascom Holding, the merged Hasler/Autophon parent, in September.

At the June meeting, Hasler shareholders will be offered a rights issue in connection with the merger. Every 10 registered shares of SFr 500 nominal value each, or 50 participation certificates of SFr 100 each, will entitle holders to buy one bearer share of Ascom Holding of SFr 500 nominal value, at a unit price of SFr 2,500.

Strong response to St-Gobain conversion offer

By George Graham in Paris

SAINT-GOBAIN, the glass and packaging group privatised by the French government in December, has had a strong response to its offer to convert non-voting certificates of investment into ordinary shares.

More than 98 per cent of the CIs, which represented 25 per cent of St-Gobain's capital, have been converted, the Ministry of Finance announced yesterday. This brings another 8.86m St-Gobain shares onto the bourse.

The conversion offer was launched at the same time as St-Gobain's successful flotation, but remained open until the end of January. Holders had to pay FFr 10 to convert a CI into an ordinary share.

The non-voting CIs were issued by several French nationalised companies over the last few years in order to raise capital without the state having to surrender control.

AEG turnover boosted by business on domestic side

BY HAIG SIMONIAN IN FRANKFURT

AEG, the West German electronics group which is now almost 80 per cent owned by Daimler Benz, increased its turnover by 4 per cent last year to DM 11.1bn ($6.05bn) against DM 10.8bn in 1985. The company expects a further rise in the present year.

The improved sales for 1986 were entirely due to an increase in AEG's domestic business, which climbed by 8 per cent to DM 6.5bn. Exports, by contrast, which are largely dollar-denominated and account for 42 per cent of AEG's turnover, fell by 3 per cent.

Total new orders in 1986 rose by 7 per cent to stand at DM 12.2bn. Domestic demand again led the way, rising 11 per cent to DM 7.4bn against a 2 per cent rise in overseas orders to DM 4.7bn.

AEG stepped up new investment by DM 100m to DM 470m last year. Research and development spending, meanwhile, rose by 9 per cent to reach about DM 900m.

The group's worldwide workforce went above the 78,000 mark in 1986. However, the increase is largely attributable to the first-time inclusion of certain subsidiary companies.

Bond Corporation

Because of a typesetting error, interim net profits for Bond Corporation Holdings of Australia were wrongly stated in the Financial Times of February 20. They were in fact A$52.9m (US$35.2m), a rise of 26.8 per cent.

Piedmont tries to sell itself

BY WILLIAM HALL IN NEW YORK

PIEDMONT AVIATION, one of the most successful medium-sized US airlines, yesterday put itself up for sale after Norfolk Southern, the big transportation group, failed to raise its earlier agreed bid following a "sweetened" offer from USAir, a similar-sized airline.

Piedmont's board decided to drop its previous recommendation of Norfolk Southern's $65 a share offer and to hold discussions with all interested parties in addition to USAir and Norfolk Southern which may be interested in a business combination.

Canute James on how debt servicing hinders a profitable airline

Jamaican Airways looks for clearer skies

EACH SATURDAY afternoon an animated crowd gathers on the public observation gallery at the international airport in Montego Bay, on Jamaica's north coast. The first sighting of what draws them there—the British Airways Concorde—is signalled by shouting, followed by applause as the aircraft lands.

"This is meant to promote up-market tourism for Jamaica," explained Mr Noel Hylton, president of the state-owned Air Jamaica which has signed an agreement with British Airways for the Concorde to do a weekly flight between New York and Montego Bay. "We cannot say how much of a profit we will make on this, but we expect to break even."

Other company officials, however, think it is optimistic to expect that break-even on the Concorde flights can be achieved by Air Jamaica, although they believe that the promotional hype could help Jamaican tourism, and consequently assist the financially-embattled Air Jamaica, which last year carried 62 per cent of all scheduled passenger traffic to and from the island.

In its 17th year, Air Jamaica is still hoping for a financial take-off. Mr Hylton now says the skies are clearing. Last year, the company recorded an operating profit equivalent to $6.8m on revenues of $115.4m.

"This operating profit represents approximately 6 per cent of our revenues," Mr Hylton explained. "When we look at the international picture, international airlines achieved profits of 3.5 per cent of their revenues. Air Jamaica has operating profits better than the industry average."

He said the airline achieved an operating surplus of $4.5m in 1985, and Mr Hylton is projecting better performance next year, leading to an operating profit of $10m.

Servicing costs

But it may be some time before the airline will be in the clear. "It is in the area of debt servicing that the reality of our operations becomes evident," Mr Hylton explained. "While we continue to operate profitably, because of our undercapitalisation these profits are wiped out by debt servicing costs. This year our debt servicing will cost $12.9m."

Air Jamaica's debt-to-equity ratio, according to Mr Franklyn Smith, the vice president for finance, is 95 to five. He says the company is hoping to bring this to 50-50. Total debt is $94.5m, of which $87.3m is owed oversea — most of it for the purchase three years ago of two airbus A-300s from the fleet of the defunct Laker Airways, with a $98m loan from Midland Bank.

The rest of the fleet comprises four Boeing 727s, which were sold two years ago to Guiness Peat Aviation, and then leased them back. The transaction netted $25m the company said. In projecting an increase in Air Jamaica's operations, Mr Hylton said the company will acquire another airbus A-300 on dry-lease to begin operation in April.

The increased operating profits recorded by the company are the result of two favourable developments. The first is a series of commercial agreements with other airlines which have proven profitable.

One is with British Airways to market jointly a twice-weekly service between Jamaica and London, using BA's 747 aircraft. Another is with Aero Peru to ferry its passengers from Montego Bay, where they are deposited by the Peruvian airline, to the US. The US and Peru are expected to end an impasse soon over a bilateral air services agreement, promising an end to Air Jamaica's ferrying operations.

Air Jamaica also has agreements with Cayman Airways for services between Jamaica and the Cayman Islands, while BWIA of Trinidad operates Air Jamaica's routes between Kingston, Haiti and Puerto Rico. "We are also holding talks with Japan Airlines, and with one other Far East airline . . . on the basis of a joint fare arrangement out of the US," said Mr Hylton.

The other factor accounting for air Jamaica's growing operating profits is an increase in passenger loads between the island and airports in the US and Canada, where its services are concentrated.

Tourist market

Mr Smith reported that between April and November of last year, the airline carried 171,577 passengers on its New York route, 47 per cent more than the corresponding period of 1985. The Miami route improved 15 per cent last year to reach 250,000 passengers, while the Toronto and Philadelphia routes grew 29 per cent and 23 per cent respectively.

Mr Hylton is projecting overall passenger load of 1.03m this year, following 868,000 last year. Load factor, he said, has moved from 64.5 per cent to 68 per cent.

Between April and November of last year, Mr Smith reports, the airline flew 712m revenue passenger miles, 119m more than the corresponding period of 1985. The company's yield was 10.33 US cents per passenger mile. "We cannot get earnings that the business market gets," explained Mr Smith. "Air Jamaica's major business is in the tourist market, and as such these earnings compare very well."

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986-87 High	1986-87 Low
METALS					
Aluminium					
Free Market c.i.f.	$1360/380		$1130/1210	$1400/1450	$1160/1170
Antimony					
Free Market 99.6%	$2310/350	+35	$2700/2750	$2720/2780	$2260/2300
Copper-Cash Grade A	£935.5	+40.5	£986.5	£1028.5	£862.25
3 months Grade A	£932.5	+25.25	£1014.25	£1059.25	£881.25
Gold per oz	$399.75	+2.5	$331.5	$439.375	$327.5
Lead Cash	£301.25	−0.25	£257.5	£376.5	£233.5
3 months	£300.5	−2.75	£267.25	£337.5	£241.25
Nickel					
Free market	172-192c	+6	179/199c	196/216c	156/177c
Palladium	$118.10	−1.25	$98.25	$151.00	$95.25
Platinum per oz	$515.75	+7.25	$355.50	$673.75	$342.50
Quicksilver (76 lbs)	$175/185	+2.5	$220/230	$250/260	$115/125
Silver per oz	356.25p	−1.75	408.05p	452.10p	317.70p
3 months per oz	365.50p	−2.10	419.95p	466.20p	325.60
Tin					
Free market	£4,440/470	−40	–	£6300/6250	£3,428/450
Tungsten Ind.	$44.51	–	$55.62	$50.74	$41.44
Wolfram (22.04 lb)	$39/45	–	$56/63	$56/65	$32/42
Zinc cash	£486.5	+2.25	£422.5	£632.5	£409
3 months	£479.5	−1.25	£431.75	£621.75	£419.25
Producers	$770/790	–	$660/700	$920	$650/670
GRAINS					
Barley Futures May	£116.65	−1.90	£116.65	£118.80	£98.60
Maize French	£143.50	−1	£146.25	£154.00	£130.00
WHEAT Futures May	£118.00	+0.80	£118.75	£121.45	£98.30
SPICES					
Cloves	$3,675	−25	$4850	$4,850	$5,700
Pepper white	$5,750	−50	$6400	$6,400	$4,600
black	$4,600	−175	$4500	$4,300	$3,800
OILS					
Coconut (Philippines)	$405x	–	$342.5	$470	$200
Palm Malayan	$310v	−80	$310	$405	$197
SEEDS					
Copra (Philippines)	$260y	–	$210	$300	$140
Soyabeans (U.S.)	$158	−1	$223.4	$229.8	$157.5
OTHER COMMODITIES					
Cocoa Futures May	£1542.5	+3	£1633.5	£1,804.5	£1,264.5
Coffee Futures May	£1511	−36	£2260	£3,007.5	£1,453.5
Cotton Outlook A Index	64.80c	−2.05	55.15c	67.20c	36.35c
Gas Oil Fut. Apr.	$144.25	−2.5	$172	$232.75	$90.75
Jute UA BWC grade	$315	−5	$300	$320	$215
Rubber kilo	62.75p	−2.25	62.75p	68p	54p
Sisal No. 3L	$610	–	$595	$625	$590
Sugar (Raw)	$184.2	−4	$146.5	$222.5	$115
Tea (quality) kilo	172p	–	190p	202p	170p
(low med) kilo	92p	−2	112p	136p	80p
Wooltops 64s Super	422p kilo	−4	428p Kilo	439p kilo	387p kil

† Unquoted. (g) Madagascar (y) Feb-March. (v) April. (x) April-May (z) March-April.

LONDON MARKETS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	860	−1	849
3 months	854.5-5	−2.75	854/840

Official closing (am): Cash 848-55 (866-7), three months 847-7 (859-60), settlement 856 (867) Final Kerb close: 851-2

Turnover: 12,530 tonnes.

COPPER

Official closing (am): Cash 933-8.5 (934-5), three months 928-8.5 (936-7), settlement 928.5 (935). Final Kerb close: 930.5-1

Grade A	Unoffic'l close	+ or −	High/Low
Cash	935-6	+9	935 927
3 months	932-3	+1.25	933/922.5

Official closing (am): Cash 887-90 (897-900), three months 902-5 (914-5), settlement 890 (900). US producer prices 64.75-68.50 cents per lb

Standard			
Cash	892-4	−1	–
3 months	905-7	−4	–

Total turnover: 50,750 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	301-1.5	−0.25	301.5-300
3 months	300.1	+0.5	301/298

Official closing (am): Cash 298-9 (305-5.5), three months 298-8.25 (302-2.5), settlement 299 (305.5). Final kerb close: 300-1.

Turnover: 4,400 tonnes. US Spot 24-27 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2490-5	–	2495/2485
3 months	2490-5	−15	2500/2475

Official closing (am): Cash 2483-5 (2515-20), three months 2499-500 (2528-30), settlement 2485 (2520). Final kerb close: 2494-5.

Turnover: 2,466 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	486-7	+2.5	–
3 months	479-80	+4.5	481/476

Official closing (am): Cash 484-6 (489-90), three months 477-8 (482-2.5), settlement 486 (490). Final kerb close: 479-81.

Turnover: 6,300 tonnes. US Prime Western: 38.50-44 cents per lb.

TIN

KUALA LUMPUR TIN MARKET: Close 16.99 (16.89) ringgit per kg.

GOLD

Gold rose $4.75 an ounce from Thursday's close in the London bullion market yesterday to finish at $399½-400. The metal opened at $398-398½ and traded between a high of $400¼-400¾ and a low of $397¼-397¾. Fears about the Brazilian debt crisis tended to push gold firmer but the extent of the rise was limited as traders awaited the outcome of this weekend's meeting of G-7 finance ministers.

GOLD BULLION (fine ounce) Feb. 20		
Close	$399½-400	(£261¼-261¾)
Opening	$398-398½	(£260½-261)
M'n'g fix	$397.50	(£259.974)
Aft'n'n fix	$399.75	(£261.189)

GOLD AND PLATINUM COINS		
Am Eagle	$412½-417½	(£269¾-273¼)
Mapleleaf	$409½-412½	(£268-269¾)
Kr'g'r'nd	$401-404	(£262¼-264¼)
½ Krug.	$207½-208½	(£135¾-136½)
¼ Krug.	$105-106	(£68¾-69¼)
Angel	$406-409	(£265½-267½)
1/10 Angel	$40-45	(£26¼-29½)
New Sov.	$95½-96½	(£62½-63¼)
Old Sov.	$95-97	(£62¼-63½)
$ 20 Eagle	$480-530	(£314-346½)
Noble Plat	$524-532	(£342¾-348)

SILVER

Silver was fixed 1.75p an ounce higher for spot delivery in the London bullion market yesterday at 356.25p. US cent equivalents of the fixing levels were: spot 544c, up 4.25c; three-month 552.6c, up 4.15c; six-month 561.1c, up 4.15c; and 12-month 578.45c, up 4.25c. The metal opened at 356-357½p (544-546c) and closed at 356-357½p (544½-546½c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	356.25p	+1.75	357.p	+5.5
3 months	365.50p	+1.85	366p	+5
6 months	374.30p	+0.90	–	–
12 months	392.15p	+2.20	–	–

LME—Turnover: 0 (1) lots of 10,000 oz.

INDICES

REUTERS

Feb. 20	Feb. 19	M'th ago	Year ago
1578.7	1577.0	1595.6	1834.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Feb. 19	Feb. 18	M'th ago	Year ago
Spot	114.14	113.79	–	126.59
Fut	113.61	113.30	–	131.67

(Base: December 31 1931=100)

SOYABEAN MEAL

	Y'sterd'ys close £ per tonne	+ or −	Business done
Feb	–	–	–
April	123.5-125.0	−0.50	124.0
June	114.5-115.0	−0.50	115.0-114.6
August	110.5-110.9	−0.30	112.0-110.6
October	111.1-111.9	−0.25	111.5-111.0
Dec	112.8-113.5	−0.20	–
Feb	116.0-116.5	−0.20	–

Sales: 384 (411) lots of 20 tonnes.

COCOA

After failing to reach the higher levels due, futures attracted active interest late in the afternoon and rallied £20 to close on a steady note. The late activity failed to spark off any physical business and only light second-hand trading was noted, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or −	Business done
March	1313-1315	+15.5	1516-1502
May	1342-1345	+9.5	1548-1531
July	1369-1370	+11.0	1576-1561
Sept	1395-1396	+11.0	1596-1588
Dec	1419-1421	+12.5	1420-1411
March	1447-1448	+12.0	1447-1440
May	1446-1467	+11.0	1470-1461

Sales: 3,011 (2,999) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for February 19: 1560.87 (1552.64); 10-day average for February 20: 1551.56 (1549.43).

COFFEE

Weekend short-covering prompted further gains as levels recuperated this week's losses. Trade selling was apparent on a scale basis but could not absorb the commission house buying, reports Drexel Burnham Lambert.

COFFEE	Yesterday close	+ or −	Business Done
Mar	1510-1515	+45.0	1520-1487
May	1510-1512	+48.5	1520-1485
July	1528-1550	+36.5	1537-1500
Sept	1551-1555	+25.0	1565-1530
Nov	1580-1585	+24.0	1590-1562
Jan	1590-1610	+20.0	1618-1590
Mar	1600-1630	+25.0	–

Sales: 5,809 (4,541) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for February 19: Comp daily 1979 110.23 (108.61): 15-day average 115.38 (116.06).

SUGAR

LONDON DAILY PRICE—Raw sugar $184.00 (£120.50), up $7.00 (up £4.00) a tonne for March-April delivery. White sugar $206.50, up $8.00.

No. 6 Contract	Y'st'rdy's close $ per tonne	Previous close	Business done
Mar	168.0-168.2	166.0-166.2	169.0-166.0
May	174.4-174.6	171.6-171.8	175.4-172.8
Aug	177.0-177.2	174.2-174.8	178.0-176.6
Oct	179.0-179.4	176.4-178.6	180.0-178.0
Dec	182.0-185.4	178.2-180.0	–
Mar	185.0-185.8	182.8-185.4	–
May	188.0-190.4	186.2-186.8	–

Sales: 4,960 (3,313) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £226.00 (£221.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for February 19: Daily price 7.14 (7.02): 15-day average 7.38 (7.40).

PARIS—(FFr per tonne): May 1275-1278, Aug 1310-1315, Oct 1335-1345, Dec 1370-1385, March 1405-1415, May 1440-1455.

GRAINS

Old crops eased sharply reflecting weaker delivered markets before recovering bullish sentiment with shipper and merchant short-covering lifting values. New crops recovered early losses to close fully steady on shipper buying, reports T. G. Roddick.

	WHEAT		BARLEY	
Mnth	Yest'rdy's close	+ or −	Yest'rdy's close	+ or −
Mar	116.45	−0.20	114.15	+0.10
May	118.00	−0.15	116.65	+0.15
July	120.00	−0.05	–	–
Sep	99.60	+0.75	98.65	+0.25
Nov	101.75	+0.25	100.85	+0.20
Jan	104.70	+0.35	103.65	+0.15
Mar	107.00	+0.30	105.80	+0.15

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent March 103.00, April/May 98.50. US No 2 soft red winter March 104.00. French 11½-12 per cent Jan 142.50. English feed fob March 118.75-119.50, April/June 121.50-122.00 buyer/seller. Maize: US No 3 yellow/French trans-shipment east coast Feb 143.50 quoted. Barley: English feed fob Feb 116.75, March 118.00 sellers Scottish.

Business done—Wheat: March 116.55-6.15, May 118.05-7.70, July 120.10-9.80, Sept 99.60-9.30, Nov 101.60-1.40, Jan 104.45-4.35, March 107.00. Sales: 273 lots of 100 tonnes. Barley: March 114.00-3.75, May 116.65-6.25, Sept 98.65-8.50, Nov 100.65-0.50, Jan 103.50, March untraded. Sales: 1,044 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 115.00, E Mids 116.20, N East 115.10. The UK monetary coefficient for the week beginning Monday March 21 (based on HGCA calculations using 3 days' exchange rates) is expected to be unchanged.

POTATOES

Month	Yesterday's close £ per tonne	Previous close	Business done
Apr	160.60	150.80	162.00-149.70
May	168.50	171.00	172.00-167.00
Nov	89.00	89.30	89.00
Feb	98.50	99.00	–
Apr	116.50	117.00	–

Sales: 1,426 (1,305) lots of 40 tonnes

FREIGHT FUTURES

Initial strength continued throughout the day but trading was thin. The last stages proved to be the most active when buying interest heightened as talk of activity emanating from the Plata spread through the market, reports Clarkson Wolff.

Dry Cargo	Close	High/Low	Prev.
April	785	785/775	770/771
July	671/672	671/665	662/663
Oct.	785/790	787.5/774	771/772
Jan.	795/815	–	785
Apr.	825/850	–	815/835
July	699	–	695/700
Oct.	815/825	–	800/815
Jan.	860/865	–	865
BFI.	850	–	851

Turnover: 224 (198).

RUBBER

PHYSICALS — The London market opened about unchanged, attracted very little interest through the day and closed neglected, reports Lewis and Peat. Closing prices (buyers): Spot 62.75p (same): March 64.25p (same): April 64.00p (same). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 227.0 (227.5) and SMR 20 199.0 (200.5).

FUTURES—Index 653, March 663-673, April/June 668-678, July/Sept 678-688. Sales: nil.

US MARKETS

GOLD FUTURES rallied strongly late in the session as the market penetrated overhead support to touch off commission house stops, reports Drexel Burnham Lambert. The market was steady on mixed buying and short-covering. Platinum futures also rallied as stops were hit while silver futures followed, but in lighter volume. Copper futures continued steady on follow-through buying. Crude oil futures reacted on the upside to a strengthening in world oil prices. Good local and trade buying prompted mixed short-covering, though traded volume was not heavy.

In coffee futures a feeling that the forthcoming ICO meeting may result in an agreement on quotas led to short-covering and fresh buying which touched off commission house stops to steady the market in the face of producer price-fix selling. Cocoa futures also rallied on a combination of short-covering, buy-stops and technical buying, despite Brazilian scale-up selling. Industry buying was also noted. Unconfirmed reports of buying by India led to a steady opening in sugar futures, but price-fix selling at the highs prompted a sell-off before trade support at the lows rallied prices. The grains markets were more active than late with the wheat and maize futures sharply higher on reports of buying interest by the USSR for US grains and the possibility of further sales to China and Poland under the subsidised export programme. The soyabean complex rallied in sympathy.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
Feb	57.55	57.30	–	–
March	57.60	57.35	58.00	57.20
May	57.90	57.50	58.40	57.65
July	57.60	57.20	57.30	57.20
Sept	57.40	57.00	57.20	56.15
March	57.40	57.00	–	–
May	57.40	57.00	–	–

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
March	1850	1833	1855	1827
May	1881	1868	1885	1862
July	1906	1897	1910	1890
Sept	1931	1925	1935	1923
Dec	1963	1954	1957	1957
March	1993	1989	–	–
May	2015	2011	–	–

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
March	120.32	117.43	122.00	118.50
May	122.73	119.72	124.20	121.50
July	124.78	121.76	125.90	124.25
Sept	126.91	123.86	127.75	126.30
Dec	128.95	126.00	129.90	128.50
March	129.13	126.13	–	–
May	128.50	127.25	128.50	128.50

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
Feb	63.50	63.05	–	–
March	63.50	63.05	63.60	62.70
May	63.50	63.10	63.55	62.60
July	63.50	63.25	63.60	62.90
Sept	63.75	63.45	63.65	63.10
March	64.80	64.45	64.65	64.80
May	65.20	64.85	–	–
July	65.60	65.25	–	–

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
March	54.65	52.65	54.65	52.75
May	54.15	52.15	54.15	52.90
July	53.57	51.57	53.57	52.25
Oct	53.50	51.50	53.50	52.40
Dec	53.05	51.05	53.05	52.00
March	53.60	51.60	53.00	53.00
May	54.05	52.05	53.50	53.50

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
March	17.79	17.44	17.83	17.55
April	17.67	17.31	17.70	17.45
May	17.59	17.22	17.60	17.38
June	17.45	17.15	17.46	17.45
July	17.31	17.12	17.35	17.20
August	17.30	17.10	17.30	17.15
Sept	17.33	17.14	17.33	17.16
Oct	17.32	17.20	17.35	17.30
Dec	17.60	17.34	17.50	17.45

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
Feb	406.2	400.2	407.0	398.0
March	406.9	400.9	406.5	406.5
April	408.7	402.7	409.7	400.3
June	412.7	406.5	414.0	404.4
August	416.7	410.4	416.0	408.5
Oct	420.5	414.1	422.4	413.9
Dec	424.4	417.9	426.0	415.9
Feb	428.3	421.7	426.5	420.2
June	436.2	429.5	437.0	429.2
Dec	448.9	442.2	442.5	439.3

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
March	47.65	46.78	47.85	47.28
April	47.35	46.60	47.65	47.00
May	46.95	46.24	47.20	46.60
June	46.45	45.70	46.70	46.10
July	46.55	45.75	46.85	46.35

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
March	123.30	123.20	123.60	123.10
May	124.95	124.70	125.00	124.30
July	125.90	126.10	125.90	125.30
Sept	126.60	126.70	126.80	126.30

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
Feb	552.7	546.5	542.5	543.5
March	553.6	547.5	554.0	544.0
May	559.6	553.5	560.0	550.5
July	565.3	559.4	566.5	556.0
Sept	571.6	565.4	570.0	566.0
Dec	580.7	574.5	581.0	571.5
Jan	583.8	577.6	–	–
March	589.7	583.5	591.0	581.5
May	595.9	589.7	–	–
July	602.4	596.2	601.5	601.5

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
March	7.51	7.43	7.52	7.36
May	7.84	7.70	7.85	7.67
July	7.97	7.83	7.97	7.80
Sept	7.93	7.82	7.90	7.70
Oct	8.03	7.91	8.04	7.91
March	8.33	8.20	8.34	8.23

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
Feb	64.75	64.85	65.50	64.50
April	64.32	64.12	64.50	63.92
June	62.20	61.60	62.30	61.50
August	59.37	58.65	59.20	58.40
Oct	57.87	57.47	58.05	57.40
Dec	57.80	57.57	57.95	57.35
Feb	57.50	57.25	57.75	57.50

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
Feb	50.20	46.77	50.20	48.60
April	43.32	42.87	43.50	42.85
June	45.30	44.75	45.35	44.70
July	45.00	44.42	45.10	44.45
August	42.57	42.12	42.77	42.30
Oct	38.57	38.25	38.85	38.25
April	37.05	37.05	37.05	36.80

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	Prev	High	Low
March	149.4	145.2	152.0	148.2
May	157.2	152.4	157.6	155.4
July	161.2	157.4	162.4	160.4
Sept	164.2	160.6	165.6	163.6
Dec	169.4	166.6	170.0	167.4
March	177.2	174.4	177.8	175.6
May	179.4	176.6	180.0	178.0

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
Feb	60.52	60.05	62.05	60.20
March	61.20	59.90	61.40	60.05
May	60.72	59.50	61.00	59.60
July	59.00	57.70	59.50	58.00
August	57.60	56.47	57.97	56.55

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	Prev	High	Low
March	489.2	486.0	490.0	488.0
May	487.0	484.0	488.2	485.2
July	485.4	531.2	487.4	485.0
August	483.0	480.6	485.0	482.4
Sept	472.4	472.0	475.4	472.4
Nov	467.6	467.4	471.0	467.2
Jan	473.4	473.2	475.6	473.2
March	479.4	479.4	481.4	479.4
May	483.4	482.0	484.0	483.4

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
March	144.9	144.1	145.2	144.3
May	138.7	138.1	139.3	138.6
July	136.6	136.0	137.5	136.5
Aug	136.4	136.0	137.0	136.2
Sept	135.0	134.5	136.0	135.0
Oct	134.2	133.3	135.0	134.0
Dec	134.5	133.9	135.3	134.0
Jan	134.7	134.2	134.7	134.8
March	135.7	135.5	135.5	136.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
March	15.59	15.42	15.65	15.37
May	15.93	15.76	15.98	15.70
July	16.23	16.07	16.28	15.97
Aug	16.32	16.18	16.37	16.07
Sept	16.40	16.27	16.45	16.20
Oct	16.45	16.28	16.45	16.22
Dec	16.55	16.44	16.65	16.45
Jan	16.47	16.40	16.45	16.50

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
March	288.8	279.8	290.0	281.0
May	281.4	268.2	282.0	272.4
July	261.6	151.0	162.0	253.0
Sept	259.6	250.8	260.0	252.4
Dec	265.0	257.6	266.0	259.8

OIL

In the crude oil market Brent opened 10c up and gained 20c in moderate trade. March WTI opened 16c up on Nymex and traded 34c up at 1.30 EST. In the petroleum products market prompt gas oil and fuel oil firmed slightly but buying interest was thin. Gasoline and naphtha were quiet—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Mar.		
Arab Light	–	–
Arab Heavy	–	–
Dubai	16.75-16.85	+0.35
Brent Blend	17.25-17.30	+0.325
W.T.I. (1pm est)	17.75-17.80	+0.55
Forcados (Nigeria)	–	–
Urals (cif NWE)	–	–
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	170-175	–
Gas Oil	140-142	+0.5
Heavy fuel oil	85-87	+0.5
Naphtha	155-157	–

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yestrdy's close US $ per tonne	+ or −	Business Done
Mar	142.75	+1.50	143.00-40.50
Apr	144.25	+2.50	144.25-41.50
May	144.00	+3.00	144.00-40.25
June	142.00	+1.75	142.00-40.00
July	143.00	+3.50	–

Turnover: 2,699 (2,868) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or −	Business Done
Mar	88.00	–	88.00
Apr	85.75	−0.25	–
May	83.50	−0.50	83.50

Turnover: 7 (36) lots of 100 tonnes.

SPOT PRICES

SPOT PRICES—Chicago loose lard 14.50 (same) cents per pound. Handy and Harman 544.0 (541.5) cents per troy ounce.

MEAT

MEAT COMMISSION—Average fat stock prices at representative markets. GB—Cattle 92.29p per kg lw (−0.08). GB—Sheep 175.10p per kg est dcw (−0.62). GB—Pigs 75.91p per kg lw (+0.62).

FUTURES — Pigs: Feb 96.30, April 96.30, June 95.50, Aug 94.50, Oct 96.80. Live cattle: June 98.30, sales 1.

WORLD STOCK MARKETS

NEW YORK

Stock	Feb. 20	Feb. 19	Stock	Feb. 20	Feb. 19	Stock	Feb. 20	Feb. 19
Central & Sw...	[illegible]	[illegible]	Goodrich (BF)...	[illegible]	[illegible]	Minnesota Mine.	130½	132⅞
Certain-Teed	38	37⅞	Goodyear Tire	55¼	55⅝	Mitchell Energy.	13⅝	13⅛
Champ Home Bld	1⅛	1⅛	Gould	19¾	19¾	Mobil	43	43¼
Champ Int.	37⅞	37½	Grace	54¾	54¾	Mohasco	32½	32¾
Champion Spark	12¼	12¼	Grainger (W.W.)	46¼	46⅞	Molex	57¾	58
			Gt. Atl. Pac. Tea.	29⅜	29½	Monarch M/T	17⅛	17⅝
			Gt. Nthn. Nekoo.	87¾	88	Monolithic Mem.	16½	16⅞
Charter Co.	3⅞	3⅞	G. West Financl.	56¼	56⅛	Monsanto	77¼	78
Chase Manhatt'n	40⅝	41⅛	Greyhound	35¾	35¾	Moore McC'mck.	24⅛	24⅛
Chemical NY	49¼	49½	Grow Group	14	13¾	Morgan (JP)	47⅛	48¼
Chevron	48⅛	49⅛	Grumman	30	29⅞	Morgan Stanley	71	71
Chrysler	49⅝	49⅝	Gulf & Western	76	76¾	Morrison Knud	53⅛	55½
			Gulf States Utl.	9⅛	9¼			

Stock	Feb. 20	Feb. 19	Stock	Feb. 20	Feb. 19
Ryder System	38⅞	39⅜	Woolworth	48⅝	47⅞
Rymer	21¾	21¾	Worthington	20⅝	19⅞
SPS Tech	40¼	40¾	Wrigley	60½	61
Sabin Court	15⅝	15½			
Safeco	61	60⅛	Xerox	74⅛	75⅛
St. Paul Cos.	54	54½			
Salomon Inc.	58½	59½	Yellow Frt Sys	36⅝	36⅝
Santa Fe SPac.	34	33½			
Sara Lee	41⅝	41¾	Zapata	3¾	3⅞
Saul BF	16⅝	16⅜	Zayre	30⅜	29⅛
Sc'ndinav'nFund	9¼	9⅛	Zenith Elect.	23⅝	24
Schering Plough	93¼	95¼	Zero	18½	18¾

WALL STREET

Dow off 8.8 on mild profit-taking

A MILD bout of profit-taking sent Wall Street lower in moderate trading yesterday. The decline was accentuated by continued concern over the course of US interest rates and the dollar. *The half-point reduction in Japan's discount rate and the upcoming G-5/G-7 meeting provided little solace.*

The Dow Jones Industrial Average came back 8.85 to 2235.25, reducing its rise on the week to 69.47, while the NYSE All Common index, at $162.82, gained 6 cents on the day and $5.24 on the week. Advances *just edged out* declines as volume slid to 177m (181.5m) shares.

A lot of attention was *being* paid to economic data but many investors were taking a wait and see attitude ahead of this weekend's meetings.

Though most anaysts expect nothing new to come from the meetings and doubt that the finance ministers will be able to engineer a plan to stabilize the dollar, the possibility of a surprise announcement kept many investors cautious.

The major Retailers continued to attract investors for a second *straight session. The group* was ignited at midweek when J. C. Penney, up $1½ at $94⅝, posted strong earnings.

Banks, which were caught up in the euphoria of Thursday's *rally in* interest sensitives, gave ground yesterday in a delayed reaction to news that Brazil will *suspend* interest payments for 90 days on two-thirds of the country's $109bn in foreign debt.

Yesterday's profit-taking was focused on Technology issues. **Unisys** fell $2⅝ to $108¼ and **Hewlett-Packard** $1⅜ to $51⅜. Semiconductor producer **Texas Instruments** fell $3¼ to $159⅛ and **Motorola** $2¼ to $47⅛.

ICN Pharmaceuticals slid $2⅝ to $17—the Food and Drug Administration is examining one of *the company's drugs.*

THE AMERICAN SE Market Value Index rose 0.24 to 317.90 *for a rise of 1.65 on the holiday* shortened week.

Advances led declines 308-to-288 in a volume of *12.78m* (15.69m) shares.

CANADA

Stocks closed lower, dragged *down* by Bank shares on reports that Brazil would delay interest payments for 90 days on loans with *private banks.*

The Toronto Composite index lost 27.3 to 3535.3, and Oil and Gas 27.5 to 3462.1, but Golds rose 81.8 to 6409.3. The Bank index shed 3.61 to 1717.78.

Banks dominated actives. **Bank of Montreal** were off $1⅛ at $36⅛ *—a spokesman for* **BoM**, which has the largest loans to Brazil among Canadian banks, said payments *now being made* by Argentina would partly offset a delay by Brazil.

TOKYO

Shares retreated from Thursday's record levels on widespread profit-taking. Investors were reluctant to take positions before seeing the outcome of this weekend's meetings of leaders of the top seven industrial nations.

The Nikkei Dow market *average* closed 147.70 down at 20,080.39, after advancing 346.33 Thursday. Declines led advances by nearly five-to-three on turnover of 900m (1.4bn) shares.

Brokers said the half-point cut in Japan's 3 per cent discount rate, effective from Monday, had been fully discounted.

But investors were awaiting this weekend's G-5 and G-7 meetings to assess in detail the prospects for currency stabilisation and additional measures to stimulate the domestic economy, brokers said.

Recently-selected Communications, Airlines, Banks, Insurances, Electricals, Oils, Rubbers and Real Estates fell. But Securities companies, Pharmaceuticals, Transports, Constructions and non-Ferrous shares gained ground.

Nippon Telegraph and Telephone surged ahead Y150,000 to a record Y2.15m.

SINGAPORE

Higher across the board on a record turnover as active buying interest by both local and *overseas investors* continued unabated.

The Straits Times Industrial index rose 15.13 to 1,061.95, short of th all-time high of 1,071.91 set on February 8, 1984. Turnover 63.5m (59.5m) shares, and broke March 12's record 62.3m *units.*

Brokers said buying interest remained high, with the main support coming from *overseas* institutions, which continued to *show* keen interest in Blue Chips and Bankings.

United Overseas Land, up 4 cents at S$1.90, *led the actives* on 3.2m shares and its parent United Overseas Bank gained 25 cents to S$5.30 on 2.8m units.

Hotels, Properties and Commodities also improved.

HONG KONG

Sharply higher in hectic trading, pushing the Hang Seng Index 51.58 higher to a record *close of* 2,827.40.

The Hong Kong index rose 34.50 to 1,816.47. Turnover $HK 1.56bn *($HG1.04bn).*

Brokers said overseas institutional buying continued to provide *strong support on expectations* of sharply higher 1986 corporate profits next month plus a *bullish Government budget* next week.

Utilities led the advance with ***HK Electric** particularly* in demand, rising 80 cents to $HK 15.10.

***Sino Land** put on 12½ cents to* $HK3 on its sharply higher interim net profit and a bonus warrant *issue — its existing* warrants rose 15 cents to $HK 1.75.

AUSTRALIA

Share prices closed at record levels for the second consecutive day, led by Media stocks and quality Gold issues.

Gains by ***News Corp**, up A$2* at A$23.5, and **Herald and Weekly Times**, up A$1.5 at A$18.7, pushed the *media sector index* up 398.3 to a record 9,145.4.

Golds returned to favour after the bullion *price* rose almost US$8 to breach the psychologically important US$400 an ounce level overnight.

By the close the All Ordinaries index passed Thursday's record close by 15.7 to 1,605.3. The All Industrials index was 28.7 higher at a record 2,541.1 and the Gold index advanced 41.1 to 2,050.5. The All Resources index rose 5.8 to 895.5.

National turnover 127.4m shares worth A$211.1m with rises outnumbering falls by almost two-to-one.

GERMANY

Lower across the board in thin trading ahead of the Group of Five and Group of Seven meetings in Paris at the weekend.

Investors, discouraged by the dollar's fall after its gains on Thursday, were reluctant to take advantage of the low prices to pick up bargains.

The Commerzbank index of 60 leading shares, calculated at midsession, fell 6.7 to 1,747.2.

Banks came under pressure on news Brazil was expected to announce a 90-day suspension on interest payments on $68bn of private bank debt.

PARIS

Broadly higher in active trading in what traders described *as a technical upswing* after the market's weak performance earlier this week. *Advances led declines by 136-to-47* in the French section.

Buying interest focused on *Banking, Portfolio and Engineering* issues.

Foreign issues were irregular, with German and Japanese issues mostly lower, while Gold Mines firmed. US stocks were mixed.

SWITZERLAND

Domestic stocks sharply lower on high volume as an unexpectedly small increase in dividends of Credit Suisse prompted strong selling.

Credit Suisse bearer closed at *Frs 3,400, down Frs 195, trading* within Frs 3,350 and Frs 3,450. The bank said Thursday it *would increase its dividend to* Frs 107 from Frs 106 last year, but dealers said they had *expected a dividend of up to* Frs 115.

CANADA

Stock	Feb. 20	Feb. 19	Stock	Feb. 20	Feb. 19	Stock	Feb. 25	Feb. 19	Stock	Feb. 20	Feb. 19	Stock	Feb. 20	Feb. 19
Abitibi-Price	38	38½	Cambell Red L.	30⅞	29⅝	Dome Petroleum	1.18	1.23	Macmil Bloedel	63⅝	63¼	Reed Stenh'se A.	58¼	58
Abitibi Res	0.30	0.30	Can. Cement Pt.	15⅞	16⅛	Domtar	46⅝	46⅞	Magna Int	30¾	30¼	Royal Bank Can.	36	37¼
AMCA Intl.	10¾	10⅞	Can. NW Energy.	16½	16½	Falconbridge	19⅝	19⅞	McIntyre Mines	39½	40	Royal Trust A.	32¾	32½
Agnico Eagl.	29	28⅞	Can. Packers	18½	18⅝	Fed. Inds A.	18¼	18⅛	Mitel Corpn.	8⅛	8¼	Sceptre Res.	4.00	3.70
Alberta Energy	16½	16½	Can. Trustco	58	58	Gendis A.	19¼	18⅞	Molson A.	26¼	26	Seagram	91⅝	92⅞
Alcan Aluminium	49¾	50⅝	Can. Imp. Bank	22¼	23⅝	Giant Y'knife	18	17⅜	Moore Corpn.	31¾	32⅛	Sears Can. A	12⅜	12⅛
Algoma Steel	10¼	10¼	Can. Pacific	22½	22⅞	Gulf Canada	24⅛	24⅜	Nat. Bank Can.	17	17⅞	Shell Can. A.	31⅛	31⅝
Bank Montreal	36⅛	37½	Can. Tire A	14¼	14				NBS.	15¾	16	SHL System'hse.	29¼	29¾
Bank Nova Scotia	19¾	20¼	Canfor	27	27¾	Hawker Sid. Can.	26⅛	26⅝	Noranda Inc	28¼	28⅛	Shelco A.	25	23⅛
BCE	41⅞	41½	Carling O'Kfe	15⅞	15⅝	Hudson's Bay	26	25¾	Norcen Energy	20⅞	21¾			
Bombardier A.	21⅝	22⅛	Chieftain	10⅝	10⅝	Husky Oil	11⅝	11¼	Nth. Telecom	57⅜	58¼	Teck B.	27¾	27⅝
Bow Valley	16½	16¾	Cominco	16	16¼	Imasco	35¼	34⅞	*Nova Alberta*	8⅜	8¼	*Texaco (Canada)*	31⅞	31½
BP Canada Res.	38¼	37½	ConiagasMines	4.85	4.85	Imperial Oil A.	56¾	57⅛	Numac Oil & Gas	10¼	10½	Thomson News A	33⅜	32⅛
Brascan A	34½	34¼	Cons. Bathst. A	36½	36	Inco	20⅝	20⅞				Toronto Dom. Bk	28¾	29⅝
BC Forest	18⅞	19⅛	Coremark Int.	4.50	4.70	Indal	14¾	15¼	Oakwood Pet.	3.00	3.10	Transalta A.	30¼	30¼
			Costain	13¼	13⅝	Interprov. Pipe	45	45⅛	Pancan Pet.	30⅛	30¾	Trans. Can. Pipe	18¾	18¾
						Labatt (John)	25⅞	23⅛	Placer Dev.	37	37⅛			
CIL	28¼	28⅛	Denison Mines	8¼	8½	Lac Minerals	35⅝	35	Power Corp	18⅞	18⅞	Varity Corp.	3.50	3.45
CadillacFairview	33	32⅞	Dofasco Inc.	25½	25¼	Laurentian Grp.	13⅞	13⅝	QuebecSturgeon	4.30	4.30	W'Coast Trans.	14⅞	14¼
			Dome Mines A.	15⅜	15⅛	Loblaw	13¼	13¼	Ranger Oil	6	6⅛	Weston (Geo)	36	35¾

AUSTRIA

Feb. 20	Price Sch.	+ or —
Credi'nst'lt pp	2,010	.....
Goesser	3,100	+40
Interunfall	13,100	.....
Jungbunzlauer	9,700	—100
Laenderbank	1,960	—30
Perlmooser	651	—4
Steyr Daimler	144	—1

GERMANY

Feb. 20	Price Dm.	+ or —
AEG	298.1	—5.9
Allianz Vers.	1,753	—27
BASF	248.5	—2
Bayer	291	—2.6
Bayer-Hypo	459	—1
Bayer-Verein	428.5	—7.5

NORWAY

Feb. 20	Price Kroner	+ or —
Bergens Bank	191	+1
Bergesen B.	258	.....
Christiania Bank.	209	—3
DenNorske Cred.	172	—0.5
Elkem	91	—3
Kosmos	135	.....
Kvaerner	177	+1.5

NETHERLANDS

Feb. 20	Price Fls	+ or —
Oce Grinten	387.5	—0.5
Ommeren (Van)	34.6	—0.5
Pakhoed	65.3	+0.5
Philips	47.1	+0.1
Robeco	99.3	+0.1
Rodamco	140.8	.....
Rolinco	87.3	+0.5
Rorento	50.2	.....
Royal Dutch	214	—0.5
Unilever	507.5	.....
VMF Stork	26.2	+0.2
VNU	314.5	+1
Wessanen	77.7	+0.3
Watters Samson	111	—3.7

FRANCE

Feb. 20	Price Fra.	+ or —
Nord East	198	+3.5
Pernod Ricard	1,003	+10
Perrier	750	+9
Petroles Fra.	460.1	+0.1
Peugeot S.A.	1,295	+6
Printemps (Au)	665	+6
Radio Tech	1,347	—13
Redoute	2,700	—30
Roussel-Uclaf	1,640	—20
Sefimeg	474	—13
Skis Rossignol	1,342	+6
Telemec Elect.	3,170	—20
Thomson (CSF)	1,465	+10
Valeo	475	—16

AUSTRALIA

Feb. 20	Price Aust. $	+ or —
Aust. Guarantee.	3.65	[illegible]
Aust. Nat. Inds.	3.48	[illegible]
Bell Group	10.35	[illegible]
Bell Res.	4.7	[illegible]
Bond Corp Hldgs	2.72	[illegible]
Boral	4.65	.....
Bougainville	3.25	[illegible]
Brambles Inds.	8.9	[illegible]
Bridge Oil	0.87	[illegible]
BHP	10.46	.....
Burns Philp.	9.9	[illegible]
CRA	7.12	[illegible]
CSR	3.85	[illegible]
Chase Corp.	4.25	[illegible]
Claremont Pet.	0.80	[illegible]
Coles Myer	6.2	.....
Comalco 'A'	3.65	.....
Consolidated Pet	0.32	[illegible]
Costain Aust.	4.20	.....
Elders IXL	4.98	[illegible]
Energy Res.	1.75	.....

AUSTRALIA (continued)

Feb. 20	Price Aust. $	+ or —
Gen. Prop. Trust	2.75	.....
Hardie (James)	4.35	+0.15
Hartogen Energy	3.15	—0.15
HeraldW'y Times	18.7	+1.5
ICI Aust.	3.45	+0.05
Industrial Equity	5.5	+0.12
Jimberlana F.P.	0.40	+0.01
Kia Ora Gold	1.15	+0.1

JAPAN (continued)

Feb. 20	Price Yen	+ or —
MHI	520	—5
Mitsui Bank	1,620	.....
Mitsui Co.	579	—21
Mitsui Estate	2,050	.....
Mitsui Toatsu	452	—20
Mitsukoshi	1,080	.....
NGK Insulators	852	+11
Nikko Sec.	2,270	+10

NEW YORK INDICES

DOW JONES	Feb. 20	Feb. 19	Feb. 18	Feb. 17	Feb. 13	1986/87 High	1986/87 Low	Since Comp High	Since Comp Low
♦Industrials	2235.25	2244.09	2237.63	2237.49	2183.35	2244.09 19/2/87	1502.29 22/1/86	2244.09 19/2/87	41.2 2/7/3
Home Bnds.	95.02	95.11	95.02	94.86	95.16	95.51 9/2/87	85.75 14/1/86	—	—
Transport.	916.85	951.07	953.00	948.40	922.36	953.00 18/2/87	686.97 (8/1/86)	953.00 18/2/87	12.32 8/7/32
Utilities	222.02	221.95	221.33	220.92	220.75	227.83 22/1/87	169.47 22/1/86	227.83 22/1/87	10.5 8/4/32

♦Day's High 2260.12 (2263.22) Low 2220.89 (2212.32)

STANDARD AND POOR'S	Feb. 20	Feb. 19	Feb. 18	Feb. 17	Feb. 13	1986/87 High	1986/87 Low	Since Comp High	Since Comp Low
Composite‡	285.48	285.57	285.42	285.49	279.70	285.57 19/2/87	203.49 22/1/86	285.57 19/2/87	4.40 1/6/32
Industrials	323.32	323.67	324.20	324.72	317.40	324.72 17/2/87	224.48 22/1/86	324.72 17/2/87	3.62 21/6/32
Financials	31.21	31.35	30.83	30.83	29.93	31.35 19/2/87	25.19 22/1/86	31.35 19/2/87	8.64 1/10/74
N.Y.S.E. COMPOSITE	162.82	162.76	162.56	162.48	159.56	162.82 20/2/87	117.75 22/1/86	162.82 20/2/87	4.46 28/4/42
AMEX. MKT VALUE	317.90	317.66	318.09	319.25	316.25	319.25 17/2/87	240.30 (4/2/86)	319.25 17/2/87	29.15 9/12/74
NASDAQ OTC COMP.	417.24	417.03	417.09	418.18	412.48	418.18 17/2/87	323.01 (9/1/86)	418.18 17/2/87	54.8 3/10/74

DIVIDEND YIELDS	Feb 13	Feb. 6	Jan. 30	Jan. 23	year ago (approx)
Dow Industrial	3.08	3.07	3.11	3.19	3.81
	Jan. 28	Jan. 21	Jan. 14	Jan. 7	
S and P Industrial	2.86	2.75	2.81	2.89	3.44
S and P Ind P/E ratio	19.87	19.34	18.93	18.55	14.68

TRADING ACTIVITY

Volume † (Millions)	Feb. 20	Feb. 19	Feb 18
New York	175.75	181.53	218.21
Amex	12.78	15.69	19.72
O.T.C.	—	163.24	195.48

New York	Feb. 20	Feb. 19	Feb. 18
Issues Traded	1,979	1,990	1,989
Rises	820	841	799
Falls	769	743	785
Unchanged	390	406	405
New Highs	—	143	258
New Lows	—	6	8

CANADA

TORONTO	Feb. 20	Feb. 19	Feb. 18	Feb. 17	Feb. 16	1986/87 High	1986/87 Low
Metals & Minerals	—	2515.1	2495.0	2490.7	2439.4	2516.1 (18/2/87)	1817.4 (6/3)
Composite	3535.3	3562.6	3560.0	3569.9	3531.1	3562.6 (19/2/87)	2764.0 (17/2/86)
MONTREAL Portfolio	1794.82	1814.7	1814.7	1816.1	1797.9	1818.1 (17/2/87)	1386.5 22/1/86

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Navistar	5,702,900	7¾	+⅛	ICN Parm	2,238,800	17	—2⅝
ATT	3,486,400	23⅝	—⅛	Bank America	2,058,300	12⅞	—⅛
Sears Roebuck	3,237,600	53½	+1¾	IBM	2,039,800	139⅝	+⅛
Phil Adel Elect	[illegible]	25⅛	—	K. Mart	1,751,200	59	+3⅝
Ahmanson	2,[illegible],800	26⅝	+1½	*Hewlett-Pack*	1,691,600	51⅞	—1⅝

	Feb. 20	Feb. 19	Feb. 18	Feb. 17	1986/87 High	1986/87 Low
AUSTRALIA						
All Ord. (1/1/80)	1605.3	1589.6	1576.7	1575.2	1605.5 (20/2/87)	1010.6 (2/1/86)
Metals & Mnls. (1/1/80)	778.3	766.6	756.2	755.3	786.0 (30/1/87)	481.1 (20/1/86)
AUSTRIA						
Creditbk Aktien (30/12/84)	204.77	204.65	205.06	202.14	268.64 (25/4)	200.37 (12/2/8)
BELGIUM						
Brussels SE (1/1/84)	4165.85	4172.16	4180.57	4168.55	4180.57 18/2/87	2768.91 (15/1/8)
DENMARK						
Copenhagen SE (3/1/83)	206.58	207.97	207.29	205.66	250.70 (18/4)	188.28 (11/11)
FINLAND						
Unitas Genl. (1975)	452.7	(u)	447.6	447.5	462.1 (15/1/87)	258.3 (2/1/86)
FRANCE						
CAC General (31/12/82)	418.7	415.1	415.7	419.4	425.7 (28/1/87)	267.6 (2/1/86)
Ind Tendance (31/12/86)	105.6	104.9	104.2	105.4	108.4 (27/1/87)	97.8 (2/1/87)
GERMANY						
FAZ Aktien (31/12/58)	578.64	581.19	585.29	565.55	763.88 (17.4)	558.85 (5/2/87)
Commerzbank (1/12/53)	1747.2	1765.9	1708.5	1702.6	2278.8 (17.4)	1677.8 (5/2/87)
HONG KONG						
Hang Seng Bank (31/7/64)	2827.40	2775.82	2801.48	2792.08	2827.4 (20/2/87)	1559.84 (18.3)
ITALY						
Banca Comm. Ital. (1972)	587.56	580.85	577.00	581.48	908.20 (28/5)	454.67 (24/1/86)
JAPAN**						
Nikkei (16/5/49)	20080.40	20228.1	19881.8	19537.9	20228.1 (19/2/87)	12881.0 (21/1/86)
Tokyo SE New (4/1/68)	1752.27	1782.87	1756.72	1710.67	1762.87 (19/2/87)	1025.85 (21/1/86)
NETHERLANDS						
ANP.CBS General (1970)	265.9	266.2	262.5	261.2	301.6 (6.9)	240.4 (5/5)
ANP.CBS Indust (1970)	249.9	248.5	246.9	245.7	305.9 (19/8)	234.0 (5/5)
NORWAY						
Oslo SE (4/1/83)	381.88	382.85	380.27	378.67	402.31 (16/1/86)	351.81 (4/8)
SINGAPORE						
Straits Times (30/12/66)	1061.95	1046.82	1029.53	1017.72	1046.82 (19/2/87)	665.54 (28/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1990	1818.9	1867.0	2121.0 (15/1/87)	1169.1 (21/4)
JSE Indust (28/9/78)	—	1567	1565.9	1554.0	1565.0 (18/2/87)	1018.3 (2/1/86)
SPAIN						
Madrid SE (30/12/85)	252.16	249.55	248.68	246.26	252.16 (20/2/87)	100.85 (3/1/86)
SWEDEN						
Jacobson & P (31/12/56)	2570.32	2555.46	2506.22	2288.03	2672.79 (7/11)	1729.57 (29/1/86)
SWITZERLAND						
Swiss BankCpn (31/12/58)	568.1	576.3	571.2	572.9	525.5 (8/1/86)	497.2 (4/3/86)
WORLD						
MS. Capital Intl. (1/1/70)	—	407.2	405.8	404.5	407.2 (20/2/87)	249.8 (25/1/8)

** Saturday February 14: Japan Nikkei (c). TSE (c).

Base value of all indices are 100 except Brussels SE—1,000. JSE Gold—255.7. JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors 10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financial and 20 Transports. *c Closed. u Unavailable.*

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in *Kroner.*

CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar hostage to G-7

THE DOLLAR showed little overall change in currency markets yesterday ahead of the meeting of G-7 ministers today and tomorrow. The market was nervous because the outcome of the meeting was far from certain. There were reports that an agreed communique had already been drafted in order to overcome any obvious differences between the participating nations. This reinforced the view held by some that there was unlikely to be much chance of nations finding any solution that would support the dollar unless the market saw a real effort to reduce the US budget deficit.

After Thursday's bout of short covering, most traders were content to sit on the sidelines and await the results of the meeting. The dollar closed at DM 1.8275 compared with DM 1.8335 and Y153.60 compared with Y154.05. Elsewhere it finished at SFr 1.5445 from SFr 1.5515 and FFr 6.0875 from FFr 6.1050. On Bank of England figures, the dollar's exchange rate index fell to 104.0 from 104.4 on Thursday.

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.3700. January average 1.5071. Exchange rate index 69.1, unchanged from the opening but down from 69.2 on Thursday. The six months ago figure was 71.9.

Sterling was ignored for much of the day as attention focused on the dollar. It was slightly firmer against a weaker dollar and as a result lost ground against major European currencies. It closed at DM2.7950 from DM2.7975 and SFr2.36 compared with SFr2.3675. Against the French franc it slipped to FFr 9.3050 from FFr 9.3150. It was also lower against the yen at Y234.75 from Y235.0. Against the dollar it closed at $1.5285 from $1.5280.

D-MARK—Trading range against the dollar in 1986-87 is 2.4718 to 1.7870. January average 1.8568. Exchange rate index 148.3 against 139.5 six months ago.

Trading was quiet in Frankfurt ahead of the G-7 meeting. Dealers were content to square their books and await the outcome. The dollar closed at DM 1.8250 down from DM 1.8465 on Thursday. Earlier in the day it had been fixed at DM 1.8313 from DM 1.8483 previously. The dollar touched a low of DM 1.8210 after the release of US personal income figures which were flat in January while US consumer spending fell a record 2 per cent.

The meeting of G-7 ministers gave cause for concern because dealers were unsure about their ability to come to some workable agreement. At the same time it was conceded that a meeting was unlikely to have been arranged unless there was some common ground.

£ IN NEW YORK

Feb 20	Close	Previous Close
£ Spot	1.5350-1.5360	1.5280-1.5290
1 month	0.55-0.53 pm	0.53-0.52 pm
3 months	1.54-1.51 pm	1.47-1.45 pm
12 months	5.25-5.18 pm	5.20-5.06 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST THE POUND

Feb. 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5250-1.5305	1.5280-1.5290	0.56-0.53c pm	4.28	1.55-1.50 pm	3.99
Canada	2.0281-2.0381	2.0330-2.0340	0.61-0.53 c pm	3.36	1.57-1.45 pm	2.97
Netherlands	3.14¼-3.16½	3.14¼-3.15¼	1⅝-1¼ c pm	5.00	4-3¾ pm	4.92
Belgium	57.75-58.01	57.75-57.85	16-10 c pm	2.70	39-31 pm	2.42

EXCHANGE CROSS RATES

Feb. 20	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.529	2.795	234.8	9.305	2.360	3.153	1985.	2.034	57.80
$	0.654	1.	1.828	153.6	6.086	1.543	2.063	1299.	1.330	37.80
DM	0.358	0.547	1.	83.99	3.329	0.844	1.128	710.2	0.728	20.68
YEN	4.260	6.511	11.91	1000.	39.64	10.05	13.43	8456.	8.662	246.2
F Fr.	1.075	1.643	3.004	252.3	10.	2.536	3.388	2133.	2.188	62.12
S Fr.	0.424	0.648	1.184	99.47	3.943	1.	1.336	841.1	0.862	24.49
H Fl.	0.317	0.485	0.887	74.46	2.952	0.749	1.	629.7	0.645	18.33
Lira	0.504	0.770	1.408	118.3	4.688	1.189	1.588	1000.	1.024	29.12
C $	0.492	0.752	1.374	115.4	4.576	1.161	1.550	976.1	1.	28.42
B Fr.	1.730	2.644	4.836	406.1	16.10	4.083	5.454	3434.	3.518	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

London rates steady

INTEREST RATES showed little overall change in the London money market yesterday. Traders were wary of pushing rates lower after Thursday's message from the authorities which was seen as a sign to reduce downward pressure on interest rates at least for the time being. Once again the Bank of England invited discount houses to borrow funds during the afternoon which resulted in 12-day loans at a rate of 11½ per cent. This clearly reinforced Thursday's message that a cut in base rates was not on the cards just yet with proximity of the budget suggesting that a cut nearer March 17 seemed more likely. In addition the authorities may have had an eye on this weekend's meeting of G-7 ministers before making any announcement on rates.

Three-month interbank money was quoted at 10⅝-10½ per cent unchanged from Thursday.

UK clearing bank base lending rate 11 per cent since October 15

Weekend interbank money traded between 12 per cent and 10 per cent before finishing at 11 per cent.

The Bank of England forecast a shortage of around £1,000m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £519m and Exchequer transactions a further £30m. In addition there was a rise in the note circulation of £280m and banks brought forward balances £190m below target.

To help alleviate the shortage, the bank offered an early round of assistance which amounted to purchase of £6m of eligible bank bills in band 2 at 10$\frac{13}{16}$ per cent.

The forecast was revised to a shortage of around £1,250m before taking into account the early help and the Bank gave additional assistance of £492m through outright purchases of £131m of eligible bank bills in band 1 at 10⅞ per cent, £354m in band 2 at 10$\frac{13}{16}$ per cent and £7m in band 3 at 10¾ per cent. In the afternoon the Bank gave help of £559m through outright purchases of £126m of eligible bank bills in band 1 at 10⅞ per cent, £262m in band 2 at 10$\frac{13}{16}$ per cent and £171m in band 3 at 10¾ per cent. Late help came to £215m through loans to discount houses of £215m at 11½ per cent for 12 days. Total help came to £1,272m.

The Bank also announced its intention to offer further liquidity, in view of the current shortages, through sale and repurchase agreements on February 27 to March 27 equal to 1 per cent of eligible liabilities which, if fully taken up, would amount to £1.4bn.

At the weekly Treasury bill tender the average rate of discount fell to 10.1601 per cent from 10.4392 per cent. The £100m of bills on offer attracted bids of £496m compared with £314m for a similar amount the previous week. The minimum accepted bid was £97.46 which was met as to about 12 per cent and above in full.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb. 20) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 ⅜	offer 6 $\frac{7}{16}$	bid 6 ⅜	offer 6 $\frac{7}{16}$

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Feb. 20	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.80-3.90	3.65-3.80	3.80-3.95	3.90-4.05	3.90-4.10	5.0
Paris	9⅛-9⅜	8⅝-8½	8⅝-8½	8⅝-8½	8½-8⅝	8.
Zurich	7⅞-1⅛	3¼-3⅛	—	3¾-3⅞	—	—
Amsterdam	5⅝-5½	5⅜-5½	—	5⅜-5½	—	—
Tokyo	4.03125	4.40625	—	—	—	—
Milan	11½-12	11⅝-11⅞	—	11⅝-11⅝	—	—
Brussels	5.40	7⅝-7⅞	—	7⅝-7⅞	—	—
Dublin	14-14¼	14¼-14⅜	14-14¼	13⅞-14⅛	13-13¼	—

LONDON MONEY RATES

Feb. 20	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	12-10	11⅝-11¼	11$\frac{3}{16}$-11	10⅝-10½	10$\frac{7}{16}$-10¼	10⅜-10$\frac{3}{16}$
Sterling CDs	—	—	11⅛-11	10½-10$\frac{13}{32}$	10¼-10⅛	10$\frac{1}{16}$-10
Local Authority Deposits	11½	11½-11⅜	11¼-11	10½	10¼	10$\frac{3}{16}$-10¼
Local Authority Bonds	—	—	11½	10⅞	10⅞	10⅞
Discount Market Deposits	11-10	11	10⅝	10¼	—	—
Company Deposits	—	11	11¼-11⅛	10⅝	10⅝	10⅜
Finance House Deposits	—	—	10⅞	10⅝	10⅜	10⅜
Treasury Bills (Buy)	—	—	10⅞	10⅜	—	—
Bank Bills (Buy)	—	—	10$\frac{13}{16}$	10⅝	9⅞	—
Fine Trade Bills (Buy)	—	—	11$\frac{1}{16}$	11	10⅛	—
Dollar CDs	—	—	6.30-6.25	6.35-6.30	6.30-6.25	6.40-6.35
SDR Linked Deposits	—	—	6¼-6	6$\frac{5}{16}$-6$\frac{3}{16}$	6$\frac{5}{16}$-6$\frac{3}{16}$	6⅜-6⅛
ECU Linked Deposits	—	—	7½-7⅜	7½-7⅜	7½-7⅜	7½-7⅜

Treasury Bills (sell); one-month 10¾ per cent; three-months 10¼ per cent; Bank Bills (sell): one-month 10¾ per cent; three months 10$\frac{7}{16}$ per cent; Treasury Bills; Average tender rate of discount 10.4392 p.c. ECGD Fixed Finance Scheme IV reference date January 1 to 30 (inclusive): 11.098 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from February 1, 1987. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6). Deposit £100,000 and over held under one month 9 per cent; one-three months 9 per cent; three-six months 9¼ per cent; six-nine months 9¼ per cent; nine-12 months 9¼ per cent. Under £100,000 9 per cent from February 20. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Optimism resurfaces and index hits fresh peak

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Feb 9	Feb 19	Feb 20	Mar 2
Feb 23	Mar 5	Mar 6	Mar 16
Mar 9	Mar 19	Mar 20	Mar 30

* New time dealings may take place from 9.00 am two business days earlier.

A wave of investment optimism resurfaced yesterday after the previous session's shake-out in UK security markets. Previous records were tested when the FT-SE 100 share index mounted another sortie on 2000. For the fourth time this week it hit a new peak, closing with the largest points rise ever of 31.4 at 1961.5. This extended its gain since the start of the year to nearly 17 per cent. The FT Ordinary share index similarly settled at its best ever level of 1567.0, up 24.5.

From the moment business opened little trace remained of Thursday's uncertainty. Wall Street's better tone overnight imparted stability and the mood became one of renewed confidence behind the cut in the Japanese Discount rate to the lowest-ever level. The move was expected and could augur well for the Paris meetings this weekend. Finance ministers from the major industrial nations are again seeking ways to reach accord on international currency stability and other financial matters.

Although volume in many Alpha stocks was described as derisory, falling well below the high levels seen earlier in the week, leading shares progressed throughout. Few marketmakers wanted to enter the new trading Account, starting on Monday, running short positions and business was generated as they leap-frogged each others bids. The majority seem to be preparing for another strong surge in values ahead of the Budget.

Interest rate-sensitive sectors such as Buildings, Stores and Foods were all buoyant on expectations that the authorities would soon allow a fall in UK bank base rates. The clearers, however, were initially unsettled by reports of Brazil suspending debt repayments for a period of three months. Double-figure losses in the sector were finally reduced but Midland retained an above-average fall.

Japanese investors continued to show interest in Gilt-edged securities but domestic traders were reluctant to open new positions in front of the Paris meetings. Most thought that market fundamentals remained good, placing particular emphasis on the authorities' funding needs. None expect a conventional tap to be issued for a week or so, although tranches of stocks could be made available in order to maintain an orderly market.

Easier Gilt futures put a temporary damper on the market but longer stocks burst higher late to close a point up. Index-linked issues returned to the scene and the authorities sold supplies of the tap, Treasury 2 per cent 1992. The stock moved u to £93½ compared with the tender price of £93. Treasury 2 per cent 1996 was solidly bought and rose) to 125, while the 2001 issue gained 1$\frac{1}{8}$ to 108$\frac{5}{8}$.

FINANCIAL TIMES STOCK INDICES

	Feb. 20	Feb. 19	Feb. 18	Feb. 17	Feb. 16	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	87.22	87.07	86.74	86.12	86.08	84.14	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.40	93.58	93.46	93.06	92.93	88.96	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,567.0	1,542.5	1,555.0	1,552.3	1,542.1	1,256.0	1,567.0 (20/2/87)	1,094.3 (14/1/86)	1,567.0 (20/2/87)	49.4 (26/6/40)
Gold Mines	300.9	288.2	293.0	305.7	306.3	332.7	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.61	3.67	3.65	3.65	3.68	4.16				
Earnings Yld.%(full)	8.50	8.63	8.59	8.62	8.68	9.98				
P/E Ratio (net) (*)	14.42	14.20	14.26	14.21	14.13	12.49				
SEAQ Bargains (5 pm)	50,884	52,817	63,092	55,635	48,129	—				
Equity Turnover (£m)	—	1,838.53	1,741.76	1,520.06	1,281.82	873.88				
Equity Bargains	—	76,243	75,230	76,701	62,498	37,968				
Shares Traded (ml)	—	668.4	687.7	682.4	563.3	292.3				

S.E. ACTIVITY

Indices	Feb. 19	Feb. 18
Gilt Edged Bargains	177.5	164.0
Equity Bargains	494.0	487.5
Equity Value	3716.1	3520.5
5-Day Average		
Gilt Edged Bargains	140.1	140.1
Equity Bargains	449.0	435.0
Equity Value	3127.8	2984.7

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1545.4	1552.9	1558.4	1557.4	1563.5	1567.7	1565.6	1567.5

Day's High 1569.4. Day's Low 1545.4

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.88.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Midland lower

Sentiment in the major clearers became unsettled by reports that Brazil is set to announce a 90-day suspension of interest payments on its substantial debt. Dealers marked prices lower and Lloyds and Midland, both well exposed to Latin American debt, reacted sharply. The latter fell 9 to 637p, after 633p, while the former closed unaltered at 503p. Barclays closed only a penny easier at 564p, after 560p. NatWest, however, scheduled to start the dividend season on Tuesday and expected by some brokers to be the first clearer to reveal pre-tax profits in excess of £1bn—Greenwell Montague forecast £1.05bn against £804m last year—rallied from an initial level of 614p to close 6 up on the session at 624p. Elsewhere, renewed speculative buying lifted Mercury International 10 to 371p and Hill Samuel 8 to 469p. Benchmark lost 4½ to 82½p following the disappointing interim results, while Kleinwort Benson gave up 7 at 618p: American Can's 4.99 per cent stake in the latter was placed by US investment bankers, Morgan Stanley, with various international institutional clients at 622p per share late this week.

Composite Insurances rebounded smartly after Thursday's bout of profit-taking as investors looked forward to the forthcoming results season. Hopes of bumper figures when Royals report on Thursday—Wood Mackenzie forecast annual pre-tax profits in the region of £290m against £41.4m—helped the shares advance ⅛ to £10. GRE rose 27 to 939p and Sun Alliance gained 15 to 779p. Commercial Union were also stimulated by revived takeover chatter and closed the session 10 better at 352p; the results are due on March 4. Elsewhere, the 42 per cent stake in Dewey Warren recently acquired by Robert Holmes a Court's Bell Group International continued to attract speculators in DW which closed 31 higher at 253p: the shares stood at 79p around a fortnight ago.

Breweries took a turn for the better, although the volume of business was relatively small. Allied Lyons, up 3 more at 381p, became a much quieter market after the previous day's flurry on a report that Mr Ong Beng Seng, a Singapore based business man has built up a stake of around 2 per cent. Guiness continued to edge higher following the recent board appointments and reorganisation moves, closing a higher at 313p.

Buyers displayed renewed enthusiasm for selected Building issues. Tarmac firmed 6 to 546p and BPB Industries improved a similar amount to 648p. George Wimpey picked up 5 at 247p, while John Laing ganed 14 to 474p following reports of US buying. Ward Holdings continued to bound ahead in the wake of the excellent annual results and rose 58 to 503p, a two-day rise of 105. Turriff firmed 6 to 226p following the agreed sale of its 49 per cent stake in Engineering Support Services and Newarthill rose 20 to 905p in a restricted market. Timber shares made strong headway under the lead of Meyer International, up 11 at 385p on revived takeover speculation. Magnet and Southerns rose 18 to 318p in response to a broker's recommendation and Travis and Arnold put on 6 more to 291p.

ICI attracted further demand ahead of the annual results due next Thursday and closed $\frac{1}{16}$ highr at £13$\frac{1}{16}$. Laporte were 5 dearer at 491p and Coalite added 5 of pence at 348p.

Pre-Budget optimism drove leading retailers forward. Dixons, additionally buoyed this week by the US acquisition of Cyclops Corporation, gained 6 more to 376p, while Woolworth put on 14 to 774p and Next added 4 at 278p. Elsewhere, Ratners continued to reflect a recent analyst's meeting and publicity given to a James Capel profits upgrading, and closed 9 higher at 308p. Body Shop jumped 1¼ points t £12 in a thin market on a press recommendation, while Goodman Bros. gained 5½ to 47p on demand ahead of Tuesday's interim results. Lee Cooper, still on hopes of a bid from Compagnie de Navigation Mixte SA, rose 15 afresh to 426p and Owen and Robinson advanced 20 to 385p following news of the acquisition of a 55 per cent interest in F. W. Lawrence Jewellers. Speculative support lifted S. Casket 9 to 143p and A. Martin 8 to 132p.

Plessey good

Following brokers' re-rating of Plessey in the wake of the third-quarter figures the shares moved up sharply to close 13 higher at 224p. GEC, meanwhile, which is to sign agreements with Plessey to boost world market sales of System X, firmed 5 to 220p. Racal revived with a rise of 15 at 228p and Cable and Wireless appreciated 10 at 387p. British Telecom closed 8 higher at 245½p following favourable reports emanating from the analysts annual dinner held at the Grosvenor Hotel on Thursday. Elsewhere, IBL moved 7 to 85p on German expansion plans.

GKN, up 9 more at 348p, continued to make headway, but the volume of trade left much to be desired. Among other leading Engineers, Vickers, a good market earlier in the week, closed a shade harder at 504p, awaiting Monday's preliminary statement. Elsewhere, Birmid Qualcast were a strong late feature at 215½p, up 28½, on news that Hepworth Ceramic has acquired a 4.9 per cent stake in the company. Persistent speculative buying left Laird Group 38 higher at 340p, while other outstanding movements included Camford, 17 dearer at 126p, S.W. Wood, 10 better at 72p and Banro, 16 to the good at 190p. Profit-taking, however, clipped 7 from Hallite at 255p.

Argyll Group featured the Food sector, rising 14 to 394p as the company confirmed the sale of Barton Brands, its US drinks subsidiary for $47.5m; discussions are also in progress concerning the sale of George Morton, its UK drinks business. J. Sainsbury were a firm market at 491p, up 11 and Tesco moved up 7 to 450p. Kwik Save firmed 6 to 280p and Dee Corporation rose 11 to 249p. Elsewhere, Cadbury Schweppes revived with a gain of 5 at 253p and Rowntree Mackintosh put on 12 to 487p. Hillsdown gained 11 to 269p anticipating the forthcoming results, while Booker, also reporting shortly, rose 12 to 433p. Avana, the subject of an unwelcome offer from Ranks Hovis McDougall, jumped 23 to 743p awaiting further developments.

Glaxo, a current BZW buy recommendation, advanced strongly to close $\frac{11}{16}$ higher at £15¼. Among the Aids related stocks, London International rallied smartly to 367p up 17, on a revival of demand, while Wellcome also staged a rally and closed 15 to the good at 423p. Beecham advanced 10 to 540p. Pilkington were a particularly good market following an article on the company in the Financial Times and finished 22 higher at 743p. Elsewhere, British Aerospace featured a gain of 21 at 684p amid hopes of Japanese orders for the Tornado, while Alumasc moved ahead strongly on the good interim figures to close 32 higher at 265p. Avon Rubber returned to favour at 548p, up 25. Johnson Matthey were favoured and put on 15 to 290p. Highgate and Job, reflecting the bid from Robert Fraser and Partners, advanced 35 to 235p, while Courtney Pope gained 9 to 240p in response to the interim figures. US favourite Reuters improved 10 to 280p. BET responded to the proposed US and Canadian listing with a rise of 19 at 525p. Other good spots included Cookson, 11 dearer at 574p, Suter, a similar amount higher at 266p, and Hunter, 40 better at 545p.

The Leisure sector included several bright spots. Hawthorn Leslie gained 3 to 24½p following favourable Press comment, while WSL put on 13 to 186p. Brent Walker continued to attract buyers at 367p, up 15, while Stanley Leisure firmed 18 to 279p.

Dealings in Rover Group resumed at 67p with a close of 71p following Government approval for proposals to put Leyland Trucks into a joint company which will be controlled by Daf of the Netherlands. Jaguar firmed 4 to 620p, while Lucas hardened 4 to 617p. British Car Auction were a shade dearer at 200p as London and Edinburgh Trust sold its near 5 per cent stake in the market at 196p per share. Hartwells moved up 4 to 100p on country buying.

In Newspapers News International spurted £2¼ to £25¼ reflecting strong support ahead of Monday's interim figures. Papers showed BPCC 6 off at 315p following news of the company's joint venture deal to acquire Canadian newsprint interests at a cost of £167m.

Leading Properties showed little alteration. Peachey picked up 3 at 328p on further consideration of the recent interim results, while Hammerson A hardened 5 to 495p. Elsewhere, Rosehaugh advanced 20 to 735p on talk of a broker's recommendation, while Local London rose 25 to 610p on new time buying interest. Southend Stadium, still reflecting property development hopes, gained 31 to 443p, but Citygrove, a particularly good market recently reflecting the excellent results, eased a couple of pence to 151p. Marler Estates put on 50 to 868p on takeover hopes.

BP move up

A good rally by crude oil prices in front of the meeting between oil ministers from Saudi Arabia, Qatar, Kuwait and the UAE, to be held in Qatar on Sunday, gave a modest boost to recently dull Oils. BP shrugged off the mild disappointment with the fourth quarter figures announced on Thursday and rallied 6 to 755p after a turnover of more than 10m shares. Small gains were recorded by Britoil, 176½p, LASMO, 183½p and Enterprise Oil, 195p. ICI Gas maintained their recent good performance, closing a further 5 firmer at 637p, still helped by the visit last week of leading oil sector analysts to the Calor Gas subsidiary which IC Gas intends to float off along with its Belgian interests. British Gas put on 2¼ to 74¼p.

Burmah, recently given a buy recommendation by Wood Mackenzie, remained a firm market and settled a further 17 up at 453p for a week's gain of 37½. Elsewhere, Petranol jumped 10 to 60p following the result of the rights which was taken up as to 91 per cent of the issue.

Overseas Traders provided one of the day's most impressive performers in Polly Peck which jumped 23 to 200p in the wake of sustained American buying interest. Lonrho hardened 1½ to 273½.

Mining markets staged a strong and sustained rally after losing ground for the previous six trading days. The impetus for the recovery in share prices came from precious metal markets in New York and London. Bullion picked up sharply in the US overnight where the metal price closed above $400 an ounce. In London gold moved progressively higher to close $4.75 firmer at $399.75—a two-day gain of $9.5—ahead of the weekend meeting of the Group of Five in Paris.

South African Golds were bought from the outset and closed at or around the day's highest levels.

The Gold Mines index rose 12.7 to 300.9, thereby reducing the fall on the week to one of 7.8.

South African Financials mirrored the trend in golds, as did platinums. In the latter Impala, heavily sold after the interim results announced late on Tuesday failed to meet market expectations, rallied 9 to 773p and Rustenburg picked up 24 to 805p. Diamond producer De Beers rose 7 to 620p.

UK-domiciled financials included an outstanding firm spot in Consolidated Gold Fields which raced up 41 to 769p on a turnover of more than 2.6m shares, following a number of hefty buying orders thought to have originated from South Africa; GFSA recently revealed that it had built up a stake of 7.8 per cent in Consolidated Gold.

Australian Golds highlighted the "down-under" mining sectors. The day's best performer was Enterprise Gold which shot up 23 to a record 80p as speculators focussed on the outstanding profits performance from Enterprise's joint venture partner in the Pine Creek project, Renison; the latter announced its intention to double output from Pine Creek, where Enterprise has a 40 per cent stake and Renison 60 per cent. Renison shares jumped 20 to 544p. Elsewhere ACM recovered strongly and settled 24 higher at 317p.

Traditional Options

- **First dealings** Feb 16
- **Last dealings** Feb 27
- **Last declaration** May 28
- **For Settlement** June 8

For rate indications see end of Unit Trust Service

Stocks to attract money for the call included BA, British Car Auctions, Systems Designers, Belhaven, Brent Walker, Elswick, Chloride, North Kalgurli, Rotaprint, Talbex, Berkeley and Hay Hill, Amstrad, Foseco, Wayne Kerr, Cullens, Aberfoyle, Abaco, Ratners, Property Trust, Trusthouse Forte, Rexmore, Smith and Nephew, Electronic Rentals, Ryan International, Sound Diffusion, Briteil, BSR, Norfolk Capital, Meggitt, Parkdale and Wellcome. Puts were arranged in Avesco, Walter Lawrence, Berkeley and Hay Hill and Greenwich Resources, but no double options were reported.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts July	Puts Oct
Allied Lyons (*379)	300	87	93	110	1	1½	5
	330	58	68	85	1½	7	13
	360	34	48	59	6	13	22
	390	18	27	33	22	26	33

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Guinness (*311)	260	63	72	—	2	6	—
	280	48	58	70	7	13	18
	300	34	50	60	15	20	25
	330	18	30	42	32	35	40

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (223)

BRITISH FUNDS (6), AMERICANS (5), BANKS (2), BREWERS (1), BUILDINGS (15), CHEMICALS (5), STORES (11), ELECTRICALS (16), ENGINEERING (11), FOODS (7), HOTELS (1), INDUSTRIALS (49), INSURANCE (2), LEISURE (8), MOTORS (7), NEWSPAPERS (3), PAPER (8), PROPERTY (18), SHIPPING (1), TEXTILES (4), TRUSTS (30), OILS (2), OVERSEAS TRADERS (4), PLANTATIONS (1), MINES (5), THIRD MARKET (1).

NEW LOWS (2)

INDUSTRIALS (1) Hollis 252pc Conv. Loan. TRUSTS (1) India Fund.

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Details otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 5.30 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

† Bargains at special prices. ♦ Bargains done the previous day. ∆ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

[illegible]

COMMONWEALTH GOVT.

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—J—K

[illegible]

L—M

[illegible]

N—O

[illegible]

Q—S

[illegible]

T—U—V

[illegible]

W—Y—Z

[illegible]

FINANCIAL TRUSTS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

UNIT TRUSTS

[illegible]

MINES—MISCELLANEOUS

[illegible]

MINES—SOUTH AFRICAN

[illegible]

OIL

[illegible]

PROPERTY

[illegible]

PLANTATIONS

[illegible]

RAILWAYS

[illegible]

SHIPPING

[illegible]

UNLISTED SECURITIES MARKET

[illegible]

THE THIRD MARKET

[illegible]

SPECIAL LIST

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

AOG Minerals A$0.45 (13/2)
...
Air Express Intnl 9500
American Barrick Resources £1340 ...
American Business Products $310 ...
Ampol Expln 120 (16/2)
Amsterdam-Rotterdam Bank Fl 55¼ 27.7
Anglo American Corp of S Africa (R0.10) $15.35 ...
Anglo American Gold Invest $75½ ...
Aust Foundation Inv ... (17/2)
Aust Oil & Gas 112 A$2.7 (17/2)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

[illegible]
Brakspear (W. H.) ...
Channel Hotels Props (10p) 155 (16/2)
Channel Island Comms 425
...
Dawson (Wm) (10p) 520 5
Frederick's Place (25p) 75 6 (17/2)
Gillow (£1) ...
Goodd's Cns (£1) ... (13/2)
Greenstar Hotels (10p) 32 ¼ (18/2)
...
Southern Newspapers (£1) 238 ½ (18/2)
... Offshore Svcs (50p) 13
... Invs (10p) 11½ 35.64

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andam Res (10p) 102 (18/2)
Kenmare Oil Exploration (Ir£0.25) 24½ 5 ½
North West Exploration (20p) 34 5 6

(By permission of The Stock Exchange Council)

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	5,300	162	+4	Ladbroke	345	438	+2
Allied Lyons	2,400	381	+3	Land Securities	993	363	+2
Amstrad	8,300	163	—	Legal & Gen.	864	300	+5
Assoc. Brit. Foods	1,300	339	+5	Lloyds Bank	2,800	503	—
BAT	2,250	547	+6	Lonrho	5,500	274	+2
BET	1,100	525	+10	Marks & Spncr	3,900	213	+1
BOC	1,300	466	+8	Midland Bank	2,300	637	−9
BPB Inds	191	648	+5	NatWest Bank	3,000	624	+6
BTR	1,900	313	+3	Pearson	752	553	−2
Barclays	2,000	564	−1	P & O	488	626	+2
Bass	284	853	+6	Pilkington Bros	2,700	743	+22
Beecham	1,900	540	+10	Plessey	9,000	224	+13
Blue Circle	828	698	−10	Prudential	292	927	+15
Boots	3,900	293	+4	Racal	9,789	228	+15
Brit. Airways	14,000	109	+1	Rank Org	762	658	+12
Brit. Aero	3,200	684	+21	RHM	354	329	+1
Brit. Gas	33,000	74½	+2½	Reckitt & Col	34	£10¼	+0⅛
Brit. Oil	3,200	176½	+2	Redland	1,000	483	—
BP	9,900	755	+6	Reed Intl	1,400	430	−3
Brit. Telecom	13,900	245½	+8	Reuters	390	680	+10
Burton	2,900	281	+1	RTZ	1,500	761	+4
Cable & Wire	3,600	386	+9	Rowntree Mac	1,400	487	+12
Cadbury Schwps	3,100	253	+5	Royal Insurance	1,425	£10	+0⅜
Coats Viyella	530	593	+8	STC	2,200	228	+3
Comm. Union	8,033	352	+10	Saatchi & Saatchi	776	900	+10
Cons. Gold	2,600	769	+41	Sainsbury	814	490	+10
Cookson	705	573	+10	Scott & Newcastle	864	230	+3
Courtaulds	690	412	+10	Sears	5,300	136½	+0½
Dee Corp	2,200	249	+11	Sedgwick	1,200	312	+1
Dixons Grp	3,400	376	+6	Shell Trans	3,900	£10½	+0⅛
Fisons	89	653	+5	Smith & Nephew	3,500	162	+5
Gen. Accident	297	979	+12	Standard Chart	475	759	+5
Gen. Elect.	8,900	220	+5	Storehouse	783	288	+2
Glaxo	5,000	£15¼	+0⅛	Sun Alliance	191	779	+15
Granada	575	334	+3	TSB	3,600	78½	+0½
Grand Met	1,740	505	+3	Tarmac	1,700	546	+6
GUS "A"	106	£12⅝	+0⅛	Tesco	1,800	450	+7
Guardian R.E.	369	939	+27	Thorn EMI	3,400	575	+7
GKN	803	348	+9	Trafalgar House	700	321	+1
Guinness	8,302	313	+5	T'house Forte	3,600	216	+5
Hanson Trust	9,100	166	+3½	Unilever	872	£24⅛	+0⅛
Hawker Sidd	1,200	547	+2	United Biscuits	2,000	284	+1
Hillsdown Hlgs	3,300	269	+11	Wellcome	4,500	423	+15
ICI	2,500	£13⅞	+0⅛	Whitbread 'A'	283	315	—
Imp. Cont. Gas	385	637	+5	Woolworth	368	775	+15
Jaguar	1,500	620	+4				

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on *Thursday February 18 1987*

Health and H'sehold	+35.14	Leisure	+16.16
Packaging and Paper	+33.22	Food Manufacturing	+15.41
Textiles	+25.94	All-Share Index	+15.00
Chemicals	+25.20	Stores	+14.02
Motors	+20.94	Insurance (Life)	+12.20
Agencies	+20.69	Brewers and Distillers	+12.07
Shipping and Transport	+20.61	Conglomerates	+11.47
Metals and Metal Forming	+20.36	Financial Group	+11.24
Mechanical Engineering	+19.96	Telephone Networks	+10.90
Publishing & Printing	+19.27	Electricals	+10.83
Insurance	+19.26	Food Retailing	+10.80
Consumer Group	+19.19	Overseas Traders	+10.29
Contracting, Construction	+18.70	Investment Trusts	+9.51
Capital Goods	+18.41	Merchant Banks	+8.80
Other Industrial Materials	+18.37	Property	+8.76
Industrial Group	+18.27	Banks	+8.65
Electronics	+17.96	Mining Finance	+7.78
Building Materials	+17.52	Insurance Brokers	+5.40
Other Groups	+16.55	Oils & Gas	+4.40
500 Share Index	+16.24	Gold Mines Index	−3.35

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	107	1	5	465	40	60
Corporations, Dom. and Foreign Bonds	30	6	34	109	22	219
Industrials	673	303	560	3,163	1,989	2,528
Financial and Props.	234	118	235	1,177	654	1,105
Oils	32	32	48	134	187	239
Plantations	6	1	7	21	11	38
Mines	86	21	75	233	274	399
Others	71	68	44	352	308	279
Totals	1,239	550	1,008	5,654	3,485	4,867

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Friday February 20 1987

Figures in parentheses show number of stocks per section

	Group	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs Feb 19 Index No.	Wed Feb 18 Index No.	Tues Feb 17 Index No.	Year ago (approx.) Index No.	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (208)	838.28	+1.6	7.59	3.15	16.67	0.98	824.99	834.20	825.48	662.30	838.28	20/2/87	567.56	14/1/86	838.28	20/2/87	50.71	13/12/74
2	Building Materials (27)	1027.46	+1.1	7.61	3.17	16.49	0.56	1015.92	1026.80	1009.25	699.67	1027.46	20/2/87	613.05	23/1/86	1027.46	20/2/87	44.27	11/12/74
3	Contracting, Construction (28)	1424.77	+1.2	6.75	3.29	20.38	0.90	1407.63	1419.94	1400.06	1018.97	1424.77	20/2/87	911.08	23/1/86	1424.77	20/2/87	71.48	2/12/74
4	Electricals (12)	1971.37	+0.4	7.64	3.98	16.79	0.44	1964.12	1986.88	1984.06	1802.68	2092.98	21/4/86	1530.81	2/1/86	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1867.97	+2.6	7.94	2.24	16.63	5.05	1821.02	1841.84	1837.78	1658.14	1867.97	20/2/87	1365.94	29/9/86	2049.05	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (61)	480.04	+1.6	8.38	3.47	15.25	0.56	472.47	476.86	473.66	361.50	480.04	20/2/87	316.63	23/1/86	480.04	20/2/87	45.43	5/1/75
8	Metals and Metal Forming (7)	436.85	+2.0	8.31	3.41	14.61	0.00	428.45	433.69	430.10	295.03	436.85	20/2/87	241.87	2/1/86	436.85	20/2/87	49.65	6/1/75
9	Motors (15)	335.38	+1.8	8.23	3.13	14.01	0.00	329.35	330.56	322.86	271.49	335.38	20/2/87	206.50	14/1/86	335.38	20/2/87	19.91	6/1/75
10	Other Industrial Materials (20)	1410.90	+1.0	6.32	3.87	18.89	0.17	1396.29	1420.38	1401.60	1188.91	1420.38	18/2/87	995.49	21/1/86	1420.38	18/2/87	277.55	15/1/81
21	CONSUMER GROUP (186)	1151.27	+1.6	6.39	2.75	20.12	1.69	1133.33	1141.83	1135.18	839.60	1151.27	20/2/87	739.82	14/1/86	1151.27	20/2/87	61.41	13/12/74
22	Brewers and Distillers (22)	1059.40	+0.8	8.07	3.27	15.58	0.00	1051.24	1054.06	1051.89	842.09	1059.40	20/2/87	764.25	14/1/86	1059.40	20/2/87	69.47	13/12/74
25	Food Manufacturing (25)	864.60	+1.5	7.76	3.29	16.94	1.30	852.10	863.28	860.46	599.69	864.60	20/2/87	549.51	14/1/86	864.60	20/2/87	59.67	11/12/74
26	Food Retailing (16)	2136.49	+2.5	6.29	2.54	22.08	9.56	2084.21	2118.12	2105.03	1803.41	2136.49	20/2/87	1629.03	21/1/86	2136.49	20/2/87	54.25	11/12/74
27	Health and Household Products (10)	2305.16	+3.4	4.12	1.65	28.13	0.02	2228.81	2220.38	2184.31	1459.93	2305.16	20/2/87	1175.61	14/1/86	2305.16	20/2/87	175.38	28/5/80
29	Leisure (31)	1157.91	+1.1	6.51	3.59	20.25	7.39	1145.78	1151.80	1158.82	862.12	1158.82	17/2/87	731.17	24/1/86	1158.82	17/2/87	54.83	9/1/75
31	Packaging & Paper (14)	584.87	−0.2	6.05	2.86	21.48	0.38	586.21	597.24	598.49	420.09	598.49	17/2/87	362.52	9/1/86	598.49	17/2/87	43.46	6/1/75
32	Publishing & Printing (14)	3591.36	−0.7	5.65	3.18	22.74	3.41	3614.87	3683.48	3648.37	2806.50	3683.48	18/2/87	1834.16	9/1/86	3683.48	18/2/87	55.08	6/1/75
34	Stores (37)	961.14	+0.9	6.67	2.82	20.38	1.24	952.25	960.17	955.34	792.47	984.64	3/4/86	707.79	23/1/86	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	693.74	+1.8	7.52	2.92	15.30	0.00	681.80	692.82	691.84	452.20	693.74	20/2/87	375.50	14/1/86	693.74	20/2/87	62.66	11/12/74
40	OTHER GROUPS (88)	973.32	+1.7	7.96	3.44	15.59	0.89	956.92	968.05	959.24	758.61	973.32	20/2/87	696.16	21/1/86	973.32	20/2/87	58.63	6/1/75
41	Agencies (17)	1357.94	+1.0	4.60	1.82	29.45	0.45	1344.61	1350.89	1308.82	0.0	1357.94	20/2/87	1111.16	2/1/87	1357.94	20/2/87	1111.16	2/1/87
42	Chemicals (21)	1278.72	+1.2	6.94	3.30	17.55	2.85	1263.12	1260.50	1261.97	855.41	1278.72	20/2/87	729.24	14/1/86	1278.72	20/2/87	71.20	1/12/74
43	Conglomerates (13)	1260.94	+1.5	6.95	3.46	17.03	0.15	1241.81	1267.00	1267.85	0.0	1267.85	17/2/87	1112.14	2/1/87	1267.85	17/2/87	1112.14	2/1/87
45	Shipping and Transport (11)	1906.69	+0.6	7.04	4.17	17.21	0.00	1894.61	1901.43	1871.05	1489.67	1906.69	20/2/87	1316.35	14/1/86	1906.69	20/2/87	90.80	29/6/62
47	Telephone Networks (2)	976.94	+3.2	9.57	3.94	14.24	1.09	947.01	957.05	951.83	874.69	1050.03	4/4/86	712.14	3/10/86	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (24)	1322.97	+1.0	9.24	3.18	12.19	0.40	1309.26	1344.87	1315.42	960.63	1344.87	18/2/87	866.26	9/1/86	1344.87	18/2/87	60.39	6/7/75
49	INDUSTRIAL GROUP (482)	1034.21	+1.6	7.12	3.04	17.79	1.29	1017.66	1027.37	1019.28	782.31	1034.21	20/2/87	691.89	14/1/86	1034.21	20/2/87	59.01	13/12/74
51	Oil & Gas (18)	1593.91	+1.0	10.64	5.41	11.88	0.00	1577.94	1601.92	1608.70	1102.78	1690.11	6/2/87	1093.63	20/2/86	1690.11	6/2/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1080.78	+1.5	7.58	3.35	16.70	1.17	1064.32	1075.27	1068.52	811.04	1080.78	20/2/87	727.53	14/1/86	1080.78	20/2/87	63.49	13/12/74
61	FINANCIAL GROUP (117)	691.03	+0.9	—	4.07	—	0.52	684.96	694.81	689.65	558.05	694.81	18/2/87	507.50	14/1/86	694.81	18/2/87	55.88	13/12/74
62	Banks (8)	753.20	+0.3	16.80	4.88	8.13	0.69	750.96	765.82	761.37	557.37	765.82	18/2/87	517.21	5/2/86	765.82	18/2/87	62.44	12/12/74
65	Insurance (Life) (9)	989.73	+1.5	—	3.92	—	0.00	975.25	991.33	988.31	806.59	991.33	18/2/87	765.18	23/1/86	991.33	18/2/87	44.88	2/1/75
66	Insurance (Composite) (7)	555.68	+2.1	—	3.91	—	0.00	544.43	554.47	547.89	449.78	555.68	20/2/87	403.56	2/1/86	555.68	20/2/87	43.96	13/12/74
67	Insurance (Brokers) (9)	1189.94	+0.3	8.10	4.45	16.07	1.31	1186.45	1200.97	1203.47	1272.20	1315.27	12/2/86	1119.12	30/12/86	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	380.02	+1.0	—	3.03	—	0.02	376.29	377.91	372.43	314.08	390.44	16/1/87	277.36	24/1/86	390.44	16/1/87	31.21	7/1/75
69	Property (47)	881.54	+0.5	5.44	3.34	23.93	0.42	877.34	882.26	873.48	742.66	882.26	18/2/87	635.84	23/1/86	882.26	18/2/87	56.01	20/4/65
70	Other Financial (26)	428.14	+1.0	7.50	3.57	17.04	1.46	424.10	427.73	424.19	324.01	428.14	20/2/87	287.55	24/1/86	428.14	20/2/87	33.29	17/12/74
71	Investment Trusts (96)	955.87	+0.3	—	2.43	—	0.99	952.81	962.62	953.07	683.36	962.62	18/2/87	633.36	14/1/86	962.62	18/2/87	71.12	13/12/74
81	Mining Finance (2)	379.01	+2.5	8.08	4.24	14.55	0.00	369.67	369.47	372.55	269.74	384.40	9/2/87	240.83	2/1/86	384.40	9/2/87	66.31	30/9/74
91	Overseas Traders (12)	877.33	+1.7	9.20	5.12	13.21	0.00	862.66	863.47	856.85	670.74	877.33	20/2/87	597.55	2/1/86	877.33	20/2/87	97.37	6/1/75
99	ALL-SHARE INDEX (727)	974.35	+1.4	—	3.44	—	0.98	960.83	971.13	964.86	737.54	974.35	20/2/87	664.42	14/1/86	974.35	20/2/87	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Feb 19	Feb 18	Feb 17	Feb 16	Feb 13	Year ago	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ♦	0.0	—	0.0	0.0	1930.1	1952.0	1942.0	1925.8	1898.1	1518.0	1952.0	18/2/87	1370.1	14/1/86	1952.0	18/2/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Feb 20	Day's change %	Thurs Feb 19	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	122.28	+0.24	122.34	0.35	1.45
2	5-15 years	138.24	+0.53	137.51	—	2.37
3	Over 15 years	146.07	+0.85	144.84	—	2.16
4	Irredeemables	161.46	+1.05	159.78	—	0.00
5	All stocks	135.36	+0.50	134.80	0.12	2.02
	Index-Linked					
6	5 years	118.76	+0.23	118.48	—	0.00
7	Over 5 years	120.15	+0.39	119.68	—	0.68
8	All stocks	119.92	+0.37	119.48	—	0.57
9	Debentures & Loans	119.97	−0.03	120.01	—	0.32
10	Preference	83.82	−0.28	84.05	—	0.31

	AVERAGE GROSS REDEMPTION YIELDS		Fri Feb 20	Thurs Feb 19	Year ago (approx.)	1986/87 Highs		1986/87 Lows	
	British Government								
1	Low Coupons	5 years	8.74	8.80	9.60	10.26	20/1/86	7.37	18/4/86
2		15 years	9.47	9.54	9.96	10.87	20/11/86	8.32	18/4/86
3		25 years	9.48	9.55	9.97	10.88	20/11/86	8.33	18/4/86
4	Medium Coupons	5 years	9.82	9.91	10.96	11.89	14/1/86	8.58	18/4/86
5		15 years	9.70	9.79	10.33	11.23	20/11/86	8.58	18/4/86
6		25 years	9.59	9.69	10.64	10.79	20/11/86	8.58	18/4/86
7	High Coupons	5 years	9.85	9.93	11.09	12.07	20/1/86	8.73	18/4/86
8		15 years	9.86	9.95	10.52	11.41	20/11/86	8.73	18/4/86
9		25 years	9.61	9.70	10.18	10.86	20/11/86	8.73	18/4/86
10	Irredeemables†		9.40	9.49	9.83	10.51	20/11/86	8.38	18/4/86
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	2.98	3.08	4.38	5.18	14/1/86	2.98	20/2/87
12	Inflat'n rate 5%	Over 5 yrs	3.41	3.43	3.75	4.01	20/1/86	3.26	13/5/86
13	Inflat'n rate 10%	5 yrs	1.27	1.36	3.30	4.23	14/1/86	1.27	20/2/87
14	Inflat'n rate 10%	Over 5 yrs	3.25	3.26	3.58	3.85	14/1/86	3.09	19/5/86
15	Debs & Loans	5 years	10.62	10.60	11.64	12.78	27/1/86	9.72	8/7/86
16		15 years	10.68	10.68	11.42	11.93	4/2/86	9.79	22/4/86
17		25 years	10.68	10.68	11.21	11.91	20/11/86	9.69	17/4/86
18	Preference†		11.20	11.17	12.12	12.18	24/2/86	10.30	9/6/86

♦ Opening index 1944.7; 10 am 1944.9; 11 am 1950.6; Noon 1950.0; 1 pm 1956.2; 2 pm 1961.1; 3 pm 1960.1; 3.30 pm 1956.6; 4 pm 1960.5.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

NAME CHANGE: Amstrad Consumer Electronics has changed its name to Amstrad (5).

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

BANK RETURN

BANKING DEPARTMENT	Wednesday February 18, 1987		Increase (+) or decrease (—) for week
LIABILITIES	£		£
Capital	14,553,000		—
Public Deposits	2,157,964,003	+	376,151,908
Bankers Deposits	953,181,215	+	47,930,885
Reserve and other Accounts	1,620,670,355	+	88,163,767
	4,746,368,573	+	512,246,560
ASSETS			
Government Securities	505,532,756	—	25,385,000
Advance and other Accounts	590,213,150	—	11,273,593
Premises Equipment & other Secs	3,643,650,628	+	546,400,645
Notes	6,729,836	+	2,511,993
Coin	242,203	—	7,485
	4,746,368,573	+	512,246,560

ISSUE DEPARTMENT			
LIABILITIES	£		£
Notes in Circulation	12,503,270,164	—	2,511,993
Notes in Banking Department	6,729,836	+	2,511,993
	12,510,000,000	—	70,000,000
ASSETS			
Government Debt	11,015,100		—
Other Government Securities	1,646,036,843	+	334,998,160
Other Securities	10,852,948,057	—	334,998,160
	12,510,000,000	—	70,000,000

EUROPEAN OPTIONS EXCHANGE

Series		Feb 87 Vol.	Feb 87 Last	May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Stock
GOLD C	$350	35	48	—	—	—	—	$400
GOLD C	$370	157	28	—	—	—	—	"
GOLD C	$380	131	18	11	29.50	—	—	"
GOLD C	$390	297	7	30	23.50	—	—	"
GOLD C	$400	836	0.10	121	16.10B	137	26	"
GOLD C	$420	—	—	105	8.90	25	16	"
GOLD C	$440	—	—	469	4.50	—	—	"
GOLD C	$460	—	—	55	2.80	99	6.50	"
GOLD C	$480	—	—	50	1.40	—	—	"
GOLD P	$360	—	—	50	2	—	—	"
GOLD P	$370	—	—	—	—	25	7A	"
GOLD P	$390	—	—	121	8	—	—	"
GOLD P	$400	222	3	103	11.50	—	—	"
GOLD P	$420	221	23	—	—	—	—	"
		Feb 87		Mar 87		Apr 87		
S/Fl C	Fl.195	—	—	20	12	—	—	Fl.206.30
S/Fl C	Fl.200	127	7	49	8	—	—	"
S/Fl C	Fl.205	484	2	461	4	115	6.20A	"
S/Fl C	Fl.210	306	0.05	1079	2.50	222	3.70	"
S/Fl C	Fl.215	321	0.05	225	1.30	296	2.30A	"
S/Fl P	Fl.195	120	0.05	308	1	—	—	"
S/Fl P	Fl.200	306	0.05	260	1.85	27	2.80	"
S/Fl P	Fl.205	439	0.10	230	3.30	3.30	4.60B	"
S/Fl P	Fl.210	120	3.10	876	6	355	7.50	"
		Jun 87		Sep 87		Dec 87		
S/Fl. C	Fl.200	—	—	—	—	19	13	Fl.206.30
S/Fl. C	Fl.205	73	7.50A	25	9A	23	10.50	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.540	85	7.20B	39	14.50	—	—	Fl.517
ABN P	Fl.500	56	4.90	20	13.50	21	20B	"
AEGON C	Fl.90	430	2.20	110	3.50	24	4.80	Fl.87.40
AEGON P	Fl.85	132	1.60	5	3.50	3	6A	"
AHOLD C	Fl.110	135	4.50	5	68	12	7.50	Fl.109.40
AHOLD P	Fl.100	93	1.70	107	3.80	—	—	"
AKZO C	Fl.130	386	7.50	172	9.30	4	11.80	Fl.132.80
AKZO P	Fl.140	67	8.70	220	13.70	—	—	"
AMEV C	Fl.70	55	1.90	35	2.90	1	4B	Fl.67.30
AMEV P	Fl.65	20	1.10	—	—	14	4	"
AMRO C	Fl.90	472	1.90	45	3.90	5	5	Fl.86.30
AMRO P	Fl.85	325	2.80	83	4.10	5	5.50A	"
ELSEVIER C	Fl.260	63	3.50	1	6.10	—	—	Fl.244
ELSEVIER P	Fl.240	22	58	10	11.80	—	—	"
GIST-BROC. C	Fl.40	375	3	134	4.20	—	—	Fl.41.20
GIST-BROC P	Fl.40	37	1.20	34	2.60	11	3.80	"
HEINEKEN C	Fl 190	30	0.60	—	—	—	—	Fl 157 50
HEINEKEN P	Fl 160	44	6.50	21	7 70	—	—	"
HOOGOVENS C	Fl 40	1196	2.70	573	3.70	130	4.80	Fl.39.50
HOOGOVENS P	Fl.35	451	0 90	160	1.80	34	2.60	"
KLM C	Fl 45	544	0.90	394	1 90	133	2.60	Fl 41.50
KLM P	Fl 40	169	0.90	48	2.20	24	3.20	"
NAT NED C	Fl.75	161	2.50	33	3.70	27	5.20	Fl 73 10
NAT NED P	Fl 75	141	3	60	5	12	5.80	"
PHILIPS C	Fl.45	1834	3 40	109	4.50	298	5.60	Fl 47 10
PHILIPS P	Fl.50	215	4.30	19	4 80	10	5 30	"
ROYAL DUTCH C	Fl.230	557	0 90	355	2.10	1	3	Fl 214
ROYAL DUTCH P	Fl.210	463	2.20	150	7 60	21	9.50	"
ROBECO C	Fl 100	72	1.30	12	2.40	—	—	Fl.99.30
UNILEVER C	Fl.540	188	4 40	20	9 90	5	17 90	Fl.507.50
UNILEVER P	Fl.500	55	6.70	100	18.50	—	—	"

TOTAL VOLUME IN CONTRACTS: 50,517

A=Ask B=Bid C=Call P=Put

AUTHORISED UNIT TRUST & INSURANCES

Cannon Assurance Ltd
1 Olympic Way, Wembley HA9 0NB 01-902 8876

2nd Series Life Accumulation				
Equity	372.8	394.5	-8.0	—
High Income	318.9	337.5	-6.7	—
Property	217.2	229.8	.....	—
Managed	267.2	282.8	-1.3	—
Deposit	177.8	188.1		—
Gilt	185.1	195.9	+1.2	—
American	275.9	292.0	+1.4	—
International Money	198.5	210.1	+0.3	—
Index	115.8	122.5	+0.4	—
Far East	215.3	227.8	+2.8	—
Global	107.9	114.2	+0.3	—
European	108.5	114.8	+1.0	—
Japan	113.1	119.7	+1.3	—
Residential Property	97.0	102.6	.....	—
2nd Series Pension Accumulation				
Equity	597.8	632.6	-14.4	—
High Income	381.8	404.1	-9.0	—
Property	305.5	323.3	...	—
Managed	388.7	411.3	-2.2	—
Deposit	264.9	280.3	...	—
Gilt	261.2	276.4	+2.0	—
American	438.5	464.0	+2.4	—
International Money	285.6	302.2	+0.4	—
Index	127.3	134.7	+0.4	—
Far East	238.3	252.2	+3.4	—
Global	111.5	118.0	+0.4	—
European	112.2	118.7	+1.1	—
Japan	118.3	125.2	+1.7	—
Residential Property	98.0	103.7	.....	—
Other Funds				
Equity Units		80.23	-1.77	—
Property Units		22.94	...	—
Equity Bond/Exec	49.66	52.55	-1.12	—
Property Bond/Exec	30.99	32.79	...	—
Balanced Bond/Exec	37.66	39.85	-0.19	—
L&E SIF 1	125.0	132.5	-0.5	—
L&E SIF 2	81.0	86.0	-0.5	—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	121.0	128.0	...	—
Risk & Reward Bond	157.0	166.0	.....	—
Murray Johnstone Fd	136.0	144.0	..	—
Money Market Fd	111.0	117.0	.....	—
Investment Strategy Fd	100.0	106.0	...	—
Ivory & Sime Pens Fd	121.0	128.0		—
Risk & Reward Pens Fd	136.0	144.0	..	—
Murray J'stone Pen. Fd	134.0	141.0	...	—
Money Market Pens Fd	111.0	117.0		—
Inv Strategy Pens Fd	101.0	107.0	.....	—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Saxon Gate West, Cent Milton Keynes MK9 2LA

Berkshire Life—Contd.

Money	100.8	106.2	.....	—
Pen Managed	141.6	149.2	-0.1	—
Pen World Growth	108.7	114.5	+0.8	—
Pen UK Equity	158.4	166.9	-1.5	—
Pen UK Small Cos.	141.1	148.6	+0.6	—
Pen European	101.2	106.6	+1.6	—
Pen Far Eastern	249.5	262.8	+4.5	—
Pen Nth American	100.1	105.5	+0.2	—
Pen Fixed Interest	113.6	119.5	+0.5	—
Pen Index Lnkd Stks	106.3	112.0	+0.5	—
Pen Money	105.9	111.5	....	—

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 521 311

Secure Fund	104.7	110.3	(z)	—
Blue Chip Fund	138.7	146.0	(z)	—
Performance Fund	165.3	174.1	(z)	—
Adventurous Fund	158.7	167.1	(z)	—
Pensions Secure	96.2	101.3	(z)	—
Pensions Blue Chip	107.0	112.7	(z)	—
Pensions Performance	106.9	112.6	(z)	—
Pensions Adventurous	106.3	111.9	(z)	—
Pensions With Profits	102.1	107.5	(z)	—

Eagle Star Insur./Midland Assur.
1 Threadneedle St, London EC2 01-588 1212

Eagle/Mid. Units	184.1	190.8	(z)	5.06

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP 01-606 6611

Far Eastern	182.5	192.1	+0.3	—
Fd of Inv Tsts	154.6	162.7	+0.6	—
Gilt & Fixed Int.	116.9	123.1	-0.2	—
High Income	172.6	181.7	+0.5	—
Intnl Growth	116.2	122.3	+0.3	—
Managed	140.8	148.2	+0.6	—
Money	109.5	115.3	...	—
North American	129.5	136.3	+0.8	—
Pelican	162.8	171.4	+1.2	—
Property	109.0	114.7	+0.1	—
Special Sits	169.5	178.4	+1.5	—
School Fee Managed	155.8	164.0	+0.9	—
Pension Funds				
Far Eastern	209.7	220.7	+0.4	—
Fd. of Inv. Tsts	171.9	180.9	+0.7	—
Gilt & Fixed Int.	121.6	128.0	-0.3	—
High Income	199.7	210.2	+0.6	—
International Growth	121.4	127.8	+0.4	—
Managed	155.8	164.0	+0.9	—
Money	119.6	125.9	..	—
North American	137.0	144.2	+1.0	—
Pelican	184.2	193.9	+1.6	—
Property	109.3	115.1	+0.1	—
Special Sit.	193.1	203.3	+2.2	—

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

Money Market Trust Funds

Money Market Bank Accounts

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241

Demand Acc	10.57	7.93	11.59	Qr
Money Acc	10.53	7.87	11.42	Qr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc	10.00	7.48	10.90	Mth
Over £10,000	10.25	7.68	11.17	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 1SE 0752 224141

High Int Chq Acc	11.00	8.22	11.94	Qr

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1A 7AE. 01-606 9485

High Int Cheque Acc	11.25	8.41	12.23	Qr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ɸ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	27	NEI	3
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	20	Plessey	16
BSR	13	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	95	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	BOM	$3\frac{1}{2}$
Hanson Tst.	16	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	$3\frac{1}{2}$
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	30	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101¾	97½	Exch. 10½pc 1987	99⅝	....	10.51	10.74
100	93⅝	Funding 6½pc 85-87	99	+⅛	6.54	9.91
101⅛	96	Treas. 10pc 1987	99	..	10.01	10.17
98⅜	90¼	Treas 3pc 1987	98⅜	+	3.05	7.33
104½	99⅝	Treas. 12pc 1987	101	+	11.85	9.99
99¼	92	Treas 7¾pc 1985-88‡‡	98½	..	7.86	9.40
104	96½	Exch 10½pc '88	100	+⅛	10.43	9.87
102⅝	95⅛	Treas 9¾pc Cv '88	99⅞	+⅛	9.77	9.85
94⅝	86⅝	Transport 3pc '78-88	94⅝	+⅛	3.18	7.54
102½	93	Treas. 9½pc '88	99	+	9.57	9.92
107	98	Treas 11½pc 1989	102 xd	+⅛	11.18	9.87
103½	93⅛	Treas 9½pc. Cnv 1989	99	+	9.57	9.86
92⅛	82	Treas 3pc 1989	91½	+	3.28	7.23
105	95	Treas 10½pc 1989	101¼	+	10.37	9.86
104	94⅛	Exch 10pc 1989	100¼	+	9.98	9.88
107	97	Exch 11pc 1989	102 xd	+¼	10.74	9.88
93	84½	Treas 5pc 1986-89	92	+	5.43	8.39
110	94⅝	Exch 10¼pcCv '89	102	....	9.98	9.07
114	103	Treas 13pc 1990‡‡	108	+	12.04	9.87
108⅛	97⅛	Exch 11pc 1990‡‡	103	+	10.67	9.78
113⅛	101	Exch. 12½pc 1990	107 xd	+	11.68	9.79
89⅝	79⅝	Treas. 3pc 1990	87⅞	+⅛	3.41	7.31
100	89⅛	Treas 8¼pc 1987-90‡‡	96¼	....	8.53	9.43
106	93	Treas. 10pcCv 1990	100	+	9.95	9.81
86	76½	Exch 2½pc 1990	85	+½	2.94	7.15
112	99	Treas 11¾pc 1991	106¼	+	11.07	9.80
94¼	83	Funding 5¾pc '87-91‡‡	89⅞	+⅛	6.40	8.73
86½	79	Treas. 3pc 1991	84	+	3.57	7.51
102	95	Treas 10pc Cv '91	102	+	9.74	9.24
110⅝	96	Exch. 11pc 1991	104	+	10.54	9.80
118⅛	105⅝	Treas 12¾pc 1992‡‡	111	+	11.44	9.74
		Five to Fifteen Years				
107⅝	92	Treas 10pc 1992	101 xd	+	9.89	9.70
109½	94	Treas 10½pc Cv 1992‡‡	103	+	10.18	9.70
117¼	101	Exch. 12¼pc '92	110 xd	+	11.11	9.79
123¼	106⅝	Exch 13½pc 1992	115 xd	+	11.70	9.82
108	93	Treas 10pc 1993‡‡	101	+⅛	9.90	9.77
120⅞	103½	Treas 12½pc 1993‡‡	112	+⅛	11.10	9.79
92	78½	Funding 6pc 1993‡‡	85⅞ xd	+	6.98	8.87
128⅛	109	Treas 13¾pc 1993‡‡	118	+	11.59	9.89
133¼	113	Treas 14½pc 1994‡‡	123¼ xd	+	11.77	9.83

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
339	210	Morgan Crucible	330	+2	†6.5	1.5	3.6	21.9
23½	15½	Morris (W) F.A. 20p	20½	+½	—	—	—	—
190	65	Myson Grp 10p	190	+4	†2.63	2.6	1.9	24.5
365	213	N.M.W. Computers	290	+3	†6.0	3.0	2.9	16.7
183	27	Nash Inds.	183	+20	1.5	2.6	1.2	46.4
27½	12½	Neil & Spencer 10p	16½	−½	—	—	—	—
47	28	Newman Inds 10p	47	+8	†0.8	1.5	2.4	(35.9)
134	65	Noble & Lund 10p	94		0.7	4.3	1.0	30.9
158	151	Nobo Group 10p	155		R4.75	2.8	4.3	11.8
65	39	Nolton	49	−2	1.2	2.9	3.4	14.0
164	96	Norank Systems 5p	164	+17	m1.5	—	1.3	21.0
291	187	Nortros	290	+2	†9.3	2.3	4.5	13.3
264	49	Nu-Swift 5p	264	+5	†3.5	2.1	1.9	35.5

INSURANCES

LEISURE

LEISURE—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
84	32	Leisure Inv 10p	84	+4½	0.36	7.4	0.6	28.4
*112	55	Lecoretime Int 10p	91	+1	†2.3	0.9	3.6	(48.2)
123	91	Lexmar	102	+1	u2.63	3.4	3.6	11.4
98	71	Marina Dev. 50p	97		R3.13	3.0	4.5	9.3
196	143	Mecca Leisure 10p	192		L4.1	1.8	3.0	25.5
220	86	Media Tech Im 20p	121	+1	2.8	4.5	3.3	9.2
*177	130	Mecminster 10p	175		6.25	1.9	5.0	14.5
232	114	Midsummer Leis 50p	220		4.0	3.9	2.6	10.7
220	130	Miss World 10p	180		†5.2	3.3	4.1	10.4
90	62	Nationwide Leisure	76		♦2.5	2.5	4.6	(10.1)
17	8	Nunsio Int 20c	10		—	—	—	—
94	23	Oceancorp Inv. NZ$0.5	55	+2	Q0.5c	8.0	0.3	39.1
294	114	Orient Ex Hlds $0.125	155	−1	—	—	—	—

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net
178	125	Ests. & Agency	150		3.0
121	106	Ests. & Gen. 20p	120		†2.5
184	142	Ests. Prop. Inv.	176	+1	8.5
£134	£106	Do. 10½pcCnvLn '94	£121½	+½	Q10½%
121	81	Evans of Leeds	120		†4.0
142	110	Ewart New Nthrn.	115		1.6
71	33	Five Oaks Invs 5p	69½		—
198	173	Fletcher King 10p	190	+2	R4.5
234	170	Frogmore Est 50p	234	+2	7.61
100	12	Gilbert Hse Inv 10p	91	+8	♦—
55	33	Glentree 10p	50	+7	R0.62
650	395	Grainger Trust	650	+25	8.0
219	146	Gt. Portland 50p.	205		†7.1

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

THIRD MARKET

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
232	180	Abelscot Group 10p	220	−3	3.2	—	2.0	—
50	10	Aberdeen Am Pet 10p	33		—	—	—	—
120	113	Allied Ins. Brokers	118		L3.5	2.5	4.2	13.7
54	36	Catalyst Comm. 5p	45		—	—	—	—
66	50	Corton Beach 10p	65	+4	—	—	—	32.3
63	10	Eglinton Oil Ir.5p	53		—	—	—	—
41	8	Do. Warrants	35	+2	—	—	—	—
22	17	Publishing Hldgs.5p	22	+2½	—	—	—	12.7
55	47	Theme Holdings	47		—	—	—	—
139	118	Unit Group	119		R4.6	2.5	5.4	(8.5)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- $ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

FINANCIAL TIMES
Saturday February 21 1987

Reagan 'unaware of arms cover-up'

By Stewart Fleming, US Editor, in Washington

PRESIDENT Ronald Reagan was not aware of any attempt last November to conceal the depth of his involvement in the decision to ship US arms to Iran in a diplomatic initiative aimed partly to secure the release of American hostages held in Beirut, the White House said yesterday.

The statement from Mr Martin Fitzwatler, the White House spokesman, came in the midst of another spate of embarrassing disclosures about the Iran Contra affair, including allegations that presidential aides had tried to cover up the extent of the President's involvement in the decision-making process as reports of the deal surfaced.

The allegations came amid mounting tension in Washington ahead of the release, perhaps as soon as next week, of a report on the role of the National Security Council, the President's advisory committee on security matters. The report is being prepared by a commission appointed by Mr Reagan late last year, headed by former Senator John Tower.

Administration officials who have been surprised by the determination with which the Tower commission has pursued its inquiries have already conceded that the commission report promises to provide a much more hard-hitting analysis of the Iran affair than had been expected.

The New York Times reported yesterday that, in an interview on Thursday, Mr Robert McFarlane, President Reagan's former National Security adviser who is in hospital after what police say was a suicide attempt, told the commission he had taken part in an effort by White House aides to hide President Reagan's key role in the initiation of the Iran arms deal in 1985.

The story and Mr McFarlane's statement followed reports earlier in the week suggesting that President Reagan had altered his own version of the initial stages of the arms deal.

According to these, Mr Reagan originally told the Tower commission he had approved in advance the first shipment of arms to Iran in August 1985, as Mr McFarlane had testified. Then, in a second interview with the commission, Mr Reagan modified his statement to accord with that of Mr Donald Regan, the White House Chief of Staff, who had testified that Mr Reagan approved the deal only after the first arms shipment.

In another disclosure the Washington Post reported yesterday that in the summer of 1985 the State Department sought to head off a White House-sponsored initiative aimed at trying to persuade Egypt to join the US in an attack on Libya.

The report said that, as over Iran policy, the Administration was bitterly divided on the proposal.

Separately, yesterday Representative Jack Kemp, the influential conservative Republican member of Congress who is seeking the party's presidential nomination, sought to weaken the position of Mr George Shultz, the Secretary of State, and at the same time polish his conservative credentials—by calling for Mr Shultz's resignation.

Daf promises £150m investment in UK trucks

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MORE THAN £150m will be spent in the UK over the next five years on developing and producing new vehicles by the company, which will be formed by the merger of Daf of the Netherlands and Leyland Trucks of the UK, Mr Aart van der Padt, Daf's president, said yesterday.

More than half will go towards developing and putting into production a van range to replace the Sherpa currently made by Birmingham-based Freight Rover, which is included in the merger.

Mr van der Padt said that in the medium term he expected annual truck output at Leyland in Lancashire and Eindhoven in Holland to increase by about 2,000 vehicles at each plant.

Last year Daf built slightly less that 16,000 trucks and Leyland almost 10,000.

Mr van der Padt dispelled fears that Leyland's research, development and design capabilities would be run down. He said the UK company had expertise in light truck development so far not available to Daf, which in any case was short of development staff.

But "with life as it is, and as sound business people, Daf cannot give any guarantees there will be no more job losses."

Daf has been consulted about the rationalisation of Leyland announced on Thursday by Leyland's parent, the state-owned Rover Group. This will reduce the UK workforce by 2,600 "and we will be left with the manpower we need for today. I am pretty sure we will see growth from now on," said Mr van der Padt.

Daf has already substantially increased its order for UK-built Sherpa vans and Roadrunner light trucks for sale through its continental dealer network to 2,000 vans and 1,400 trucks this year. These had been well received, he said.

Daf is to contact Paccar, the US group which unsuccessfully bid for Leyland, to explore the possibilities of Paccar selling the Roadrunner through its dealer network in the US. Mr Charles Pigott, Paccar's president, said recently he believed his company could sell 3,000 Roadrunners a year in the US.

Mr van der Padt said the assets Daf would contribute to the new company were valued at Fl 500m (£160m), which indicates its total assets will be worth £265m.

He disclosed that the company, incorporating all Daf's operations, would be called Daf, and have its headquarters in Holland. Two of the nine supervisory board directors would be British. The present Dutch management board would be unchanged except that Mr George Simpson, managing director of Leyland Trucks, would join.

A UK subsidiary, Leyland-Daf, including Daf's present UK subsidiary, would have Mr Frans l'Herminez, a senior Daf director, as executive chairman and he would move to Britain. Mr Simpson would be managing director.

The company would have a turnover of about £1.4bn and be profitable in its first year.

He admitted that the idea of floating the company on the Amsterdam and London stock exchanges in two to three years was ambitious. However, he hoped investors would take into account Daf's previous profit record. Last year the privately-owned company made an after-tax profit of Fl 33m, against Fl 20.4m in 1985.

Most of Leyland's small overseas subsidiaries are included in the deal and will be controlled from Eindhoven, but the three main Leyland associate companies, Ashok in India, Leyland Nigeria and Leyland South Africa, are not included.

EEC query on debt write-off, Page 4. AR8 car for Longbridge, Page 4

Wall St insider trader sentenced to two years' imprisonment

BY ANATOLE KALETSKY IN NEW YORK

A TWO-YEAR prison sentence was imposed yesterday on Mr Dennis Levine, former managing director of Drexel Burnham Lambert, the Wall Street securities firm by a federal court at White Plains, New York. His arrest last May for insider trading began a chain of mutual incrimination which has extended round much of Wall Street and parts of the City of London.

The length of the term, imposed despite what Judge Gerard Goettel called Mr Levine's "truly extraordinary" co-operation with the authorities, bodes ill for other Wall Street executives arrested recently for insider trading. The judge noted that in other circumstances, Mr Levine's crimes would have warranted five to 10 years in prison.

Mr Levine was also fined £237,000 which comes on top of a much larger civil settlement he made last year with the Securities and Exchange Commission.

Another indicator of the tougher penalties being imposed for financial offences in the US came on Thursday, with the imprisonment for nine and six years respectively of Mr Ronnie Ewton and Mr George Mead, two former directors of ESM government securities, the Florida firm which collapsed in 1985 triggering a run on savings banks in Ohio.

Those sentences were considerably harsher than expected, and the Ohio Court rejected pleas by the defendants to serve their time in a minimum-security prison in Florida. They were sent instead to the Ohio State Penitentiary.

Separately, Staley International, a Chicago-based food processor has filed a $200m civil lawsuit against Drexel making a series of broad allegations and claiming Drexel was involved in specific abuses surrounding an alleged attempt to persuade Staley management to mount a leveraged buy-out last November.

Staley did not allege any misuse of inside information in its own dealings with Drexel. Drexel dismissed the case as "totally without merit," calling it "an ill-conceived attempt to capitalise on the current climate" of litigiousness against Wall Street.

Greenwich poll boosts Alliance

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

SDP-LIBERAL ALLIANCE hopes of a spectacular win in next Thursday's Greenwich by-election were boosted yesterday with the publication of an opinion poll putting it only 5 per cent behind Labour.

The National Opinion Poll survey for the London Evening Standard gives Mrs Deirdre Wood, the Labour candidate, 40 per cent support and Mrs Rosie Barnes of the Alliance, 35 per cent. Mr John Antcliffe, the Conservative candidate, is in third place with 23 per cent.

The results contrast sharply with a Harris poll published on Thursday, which put Labour still firmly in the lead with 45 per cent support. The Alliance had 30 per cent and the Conservatives 22 per cent.

The Alliance will exploit the latest finding fully in the last few days of the campaign, to underline the message that it can now win and that Tories should vote tactically to deny the seat to Mrs Wood. A victory would also prove invaluable to Alliance attempts to rebuild national support in the run-up to a general election.

The by-election was caused by the death of Mr Guy Barnett, who held the seat at the last general election by only 1,211 votes. A defeat for Labour, which has held Greenwich since 1945, would damage party morale badly and would confirm fears among Labour's leaders that the choice of a left-wing candidate was a serious mistake.

Neither will the NOP poll comfort the Conservatives, who ran Mr Barnett a close second in 1983. Tories would shrug off a poor result, but it would add further uncertainty to Mrs Thatcher's calculations on the timing of the general election.

Mr Frank Dobson, Labour MP for Holborn and St Pancras, who has been supporting Miss Wood's campaign, said yesterday: "We are confident our position has bottomed out. We have a safe, secure vote and we are going to win."

Mr Des Wilson, president of the Liberal Party, said in Greenwich he was confident the Alliance would win. Mr Alec McGivan, the local Alliance agent, added: "Although we have not got carried away with too much euphoria and our feet are on the ground, it is looking very good for us."

Thatcher speech, Page 4. Opinion polls, Page 4

Pressure grows on Opec price deal

By Richard Johns

THE Organisation of Petroleum Exporting Countries' price structure is coming under mounting pressure as a result of a sharp fall in demand for Gulf crude.

Gulf state oil ministers are meeting tomorrow in Doha, Qatar, under the aegis of the Gulf Co-operation Council for the second time in eight days to discuss the market amid speculation that an extraordinary Opec conference may be called.

In particular, the plight of Qatar, a GCC member which has received negligible "nominations"—or prices—for its oil for March, has created alarm.

Qatar is understood to have informed Opec's secretariat in Vienna about the drastic fall in demand it is suffering, largely as a result of the system of price differentials agreed at Opec's last full ministerial meeting in Geneva in December.

The system, under which prices are fixed according to differentials based on a central reference price of $18 a barrel for a basket of eight key crudes, took effect three weeks ago.

Already, the rigidity of the structure is showing signs of distorting demand. Gulf producers, generally, are facing a fall-off in demand, including both Saudi Arabia and Iran.

The problem is exacerbated by the fact that at least two Opec members, Kuwait and the United Arab Emirates, are not observing output limits set in December. The fear within Opec is that, because of these countries' overproduction, other members will reduce prices below the levels agreed in December as a means of reaching the production quotas allowed them under their agreements.

Opec's ministerial committee on price differentials was due to meet in Vienna on March 9, but those talks are understood to have been postponed, tentatively till April 1. A full ministerial meeting could come sooner.

It is believed that Saudi Arabia will tomorrow put pressure on the UAE and Kuwait to limit ther output to the levels allotted them in December.

The agreement set a notional ceiling of 15.8m barrels a day for overall Opec outputs. In practice, that meant about 16.5m b/d after taking into account Iraq's non-compliance and the 350,000 or so b/d produced from the Neutral Zone (shared by Saudi Arabia and Kuwait which neither regards as part of their allocations).

The previous GCC meeting, on February 14, concentrated on the refusal of Dubai, a member of the UAE, to observe any restraint and resulted in a commitment by it to cut output by 10 per cent.

This time, Mr Hisham Nazer, Saudi Arabian Minister of Oil, is exepcted to confront the issue, which could disrupt the whole accord.

One senior Opec official observed yesterday: "The next two or three weeks will be critical for us and a test of our resolve which has come sooner than we expected."

THE LEX COLUMN

Ever increasing circularity

It is customary for occidental investors to shake their heads in puzzlement at the apparent excesses of the Tokyo equity market; if Japanese shares were really valued on a dividend-discount basis the market's current p/e of about 50 would indeed be sign of some collective delusion. Few remark that there are asset markets nearer home which seem to be displaying some of the same characteristics.

House property in London, for example, shows every sign of being an investment market which is driven more than anything by weight of money—and where wholesale liquidation seems even less likely than it does in the savings-driven equity funds of Tokyo. Given some remarkable figures from the building societies, portraying a sharp decline in the delinquency rate among UK mortgage borrowers, fear of overgeared investors pulling the rug from under the price of these assets can for the present be banished to the Freudian attic.

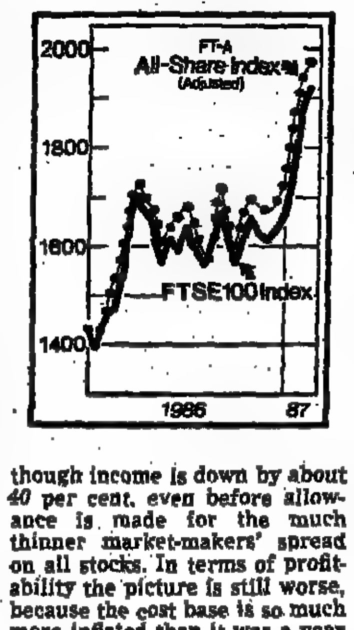
There is, moreover, a growing international similarity in the approach to equities which owes more to the nature of the market than to hopes pinned on post-G7 interest rate cuts. The circular re-rating of drug companies — Glaxo is now having to chase the tail of an AIDS-ignited Wellcome price — sufficiently proves that Western investors are not immune to the speculative dance of death.

Big Bang

If Thursday night's turnout at the annual thrash of the Society of Investment Analysts is anything to go by, Big Bang is not having such a devastating effect on the brokers' cash flow as the Jeremiahs predicted. All the firms seem to have booked the usual number of tables and hospitality suites at the Grosvenor House Hotel. Figures released by the Stock Exchange on the same day also give the same superficial appearance of profits as usual. They show daily equity turnover, excluding intra-market maker deals, more than 50 per cent higher than the pre-Big Bang period, while commissions are reported to be down by as much as 36 per cent.

The problem is that about half of the turnover is not agency bargains but deals done with market-makers net of commission. So instead of being at similar levels to the fixed commission market, it looks as

Index rose 24.5 to 1567.0



though income is down by about 40 per cent, even before allowance is made for the much thinner market-makers' spread on all stocks. In terms of profitability the picture is still worse, because the cost base is so much more inflated than it was a year ago.

This is only an overview and does not reveal the polarisation that is taking place as the stock market portrays the oligopolistic tendencies of so many other competitive markets. Thus brokers with particular angles, such as James Capel's absence of market-making and strong research, or Cazenove's client relationships, may well be doing better than ever in an otherwise cruel world. The other side of this coin is that the middle rank of broking house, without a unique selling proposition, must be finding it impossible to cover the swollen overheads.

Which brings us back to the do at the Grosvenor House. Naturally the last thing a suffering firm will do is reveal its pain to the competition by cancelling the usual hospitality suite or cutting the number of fund-manager guests. However, if it is impossible to tell loss-makers by staring a fellow-diner in the eye there are ways of letting rivals know that you feel just terrific: James Capel spurned the Grosvenor House altogether and laid on a dinner for 250 at the Inn on the Park.

Eurotunnel

If the chairman's identity is what makes the difference to Eurotunnel's feasibility Mr Alistair Morton is indeed a wise choice to fill in the blank. Mr Morton, experienced in holding together the finance of large projects, is just the sort of person to lick doubtful bankers into shape. It is also a recommendation that he has made his present position in the City by taking on another apparently doomed company, Guinness Peat, and pulling it back on some sort of track, raising a fair amount of equity meanwhile.

While the crumbling of its board—exeunt Lord Pennock, Sir Nigel Broackes, Mr Michael Julien—clearly threatened Eurotunnel's survival, that fact is itself rather paradoxical. Although no sane investor is going to hand over billions to an unnamed management (shades of the South Sea Bubble) any eventual returns from the tunnel stand to be affected remarkably little by the contributions of the present financial management. It ought to be much more cirtical that investors are convinced by the engineering and the traffic projections on which Eurotunnel is based. Further, if Mr Morton can convince them, saving the UK Government all manner of embarrassment, he will have earned his peerage.

Insiders

The sending down of Mr Dennis Levine for two years may seem like a victory for the forces of regulation, law and order. However, it seems a remote possibility that the legal systems on either side of the Atlantic can stamp out anything more than those cases of insider trading where the spectacular scale of the operation commands attention.

The main characteristic of the recent exposure of this crime in the US is that they involve members of securities houses using information received as advisers to make profits at a client's expense. To the extent —pace Mr Geoffrey Collier— that the same thing has happened in the UK it would seem appropriate for corporate clients to enter into contracts with their advisers which could form a base for legal action in the event of abuses of confidential information. In this country insider trading is a crime for which only individuals can be penalised. The possibility of heavy financial penalties should help further to focus the minds of firms on the possibility of abuses by their employees.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		Johnson Matthey	290 + 15
Treas 13¼pc '04-08	£131⅞ + 1	Laird Group	340 + 38
Treas 2½pc I-L 2001	£108⅜ + ⅞	Lee Cooper	426 + 15
Alumasc	265 + 32	London Intl	367 + 17
Argyll Group	394 + 14	Magnet & Southerns	316 + 16
Avana	743 + 23	News International	£25¼ + 2½
Birmid Qualcast	215½ + 28½	Pilkington Bros	743 + 22
Body Shop	£12½ + 2	Plessey	224 + 13
British Aerospace	684 + 21	Polly Peck	200 + 23
British Telecom	245½ + 8	Racal Elec	228 + 15
Burmah Oil	453 + 17	Rosehaugh	735 + 20
Cons Gold Fields	770 + 42	R'tree Mackintosh	487 + 12
Dewey Warren	253 + 31	Royal Ins	£10 + ⅛
Enterprise Gold	80 + 23	Wellcome	423 + 15
Glaxo	£15½ + 1¼	FALLS:	
Goodman Brothers	47 + 5½	Midland Bank	637 − 9

WORLDWIDE WEATHER

UK today: Cold and rather cloudy with snow flurries, but milder in the north with rain. Outlook: mainly dry.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	8	46	Dallas†	R	2	26	Madeira	R	16	61	Perth	S	25	77
Algiers	C	6	43	Dublin	F	5	41	Madrid	S	3	37	Prague	Sn	−1	30
Amsdm	C	−1	30	Dbrvnk	C	14	57	Majorca	F	5	41	Rykvk	Sl	3	37
Athens	F	17	63	Ednbgh	C	5	41	Malaga	S	12	54	Rhodes	S	17	63
Bahrain	F	21	70	Faro	F	10	50	Malta	F	13	55	Rio Jo†	—	—	—
Barclna	S	3	37	Florence	R	6	43	Mchstr	C	3	37	Rome	R	7	45
Belfast	C	6	43	Frankft	Sn	1	34	Melbne	Dr	16	61	Salzbrg	C	2	36
Belgrd	C	9	48	Geneva	Sn	0	32	Mx C		—	—	S'frsco†	F	12	54
Berlin	C	−2	28	Gibrltr	F	12	54	Miami†	C	23	73	Seoul	S	13	55
Biarritz	C	2	36	Glsgw	C	8	46	Milan	C	4	39	Singapr	S	31	88
Bmghm	C	2	36	Grnsey	C	2	36	Montrl†	F	−16	3	Stugrt	F	12	54
Blackpl	S	5	41	Helsinki	S	−2	28	Moscow	Sn	0	32	Stckhm	F	−3	27
Bombay	S	31	88	H Kong	C	20	68	Munich	Dr	1	34	Strasbg	C	0	32
Bordx	C	1	34	Innsbrk	F	2	36	Nairobi		—	—	Sydney	F	30	86
Boulgn	C	0	32	Invrnss	S	6	43	Naples	C	8	46	Tangier	C	10	50
Bristol	S	3	37	IoMan	C	5	41	Nassau		—	—	Tel Aviv	S	18	64
Brussels	Sn	−2	28	Istanbul	S	15	59	Nwcstl	C	3	37	Tenerife	F	20	68
Budpst	C	8	46	Jersey	C	3	37	N Delhi	F	25	77	Tokyo	S	7	45
Cairo	S	22	72	Jeburg	S	30	86	N York†	F	−3	27	Tronto†	F	−11	12
Cardiff	S	3	37	L Plms	S	19	66	Nice	R	6	43	Tunis	F	11	52
Cape T	S	21	70	Lisbon	F	7	45	Nicosia	S	17	63	Valencia	S	9	48
Chicg†	F	−7	19	Locarno	C	4	39	Oporto	S	8	46	Venice	C	9	48
Cologne	C	1	34	London	C	2	36	Oslo	S	−3	27	Vienna	R	6	43
Cpnhgn	Fg	−2	28	L Ang†	F	14	57	Paris	Sn	−2	28	Warsaw	C	1	34
Corfu	R	13	55	Luxmbg	Sn	−2	28	Peking	S	5	41	Zurich	C	0	32

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Guinness Peat chief

Continued from Page 1

placing, which ran into difficulty last October, played a large part in Lord Pennock's decision to stand down.

The Bank was also behind the move to get Sir Nigel Broackes on to the board following the October issue. It also, according to some at Eurotunnel, helped to persuade Mr Julien to join Guinness, which has problems of its own following recent City scandals.

Mr Morton said yesterday: "I do not believe the project is in danger of colapse: if I did I would not be here. Eurotunnel has a first class chief executive in Jean-Loup Dherse, formerly of the World Bank and Rio Tinto-Zinc. An exceleint management organisation has been placed around him.

"The financial team includes treasurers from three of Britain's top companies: Esso, ICI and Shell, all of which have great experience in raising finance for big projects."

Mr Morton said one reason Eurotunnel had had a struggle raising its £206m last year was that it had only just begun to put its management team in place.

He intended to ensure that this summer's share issue was better presented and that people were aware of the qualities of the project and the management.

He said he had agreed with Eurotunnel to see the project through to completion. The Guinness Peat board had unanimously supported the move. He felt able to devote most of his time to the tunnel project because many parts of the Guinness Peat operation were "now self-propelling in a way that would have been unthinkable two or three years ago."

Mr Morton is under contract to the merchant bank at a salary of about £150,000 a year until January 1990. A large proportion of this is to be reimbursed to the bank by Eurotunnel.

Mr Morton said he had been attracted by the challenge of the project: "It isa double challenge. It is a great project, good for Britain, good for France and Europe and for the long-term investors who are going to invest in it."

Group of Five

Continued from Page 1

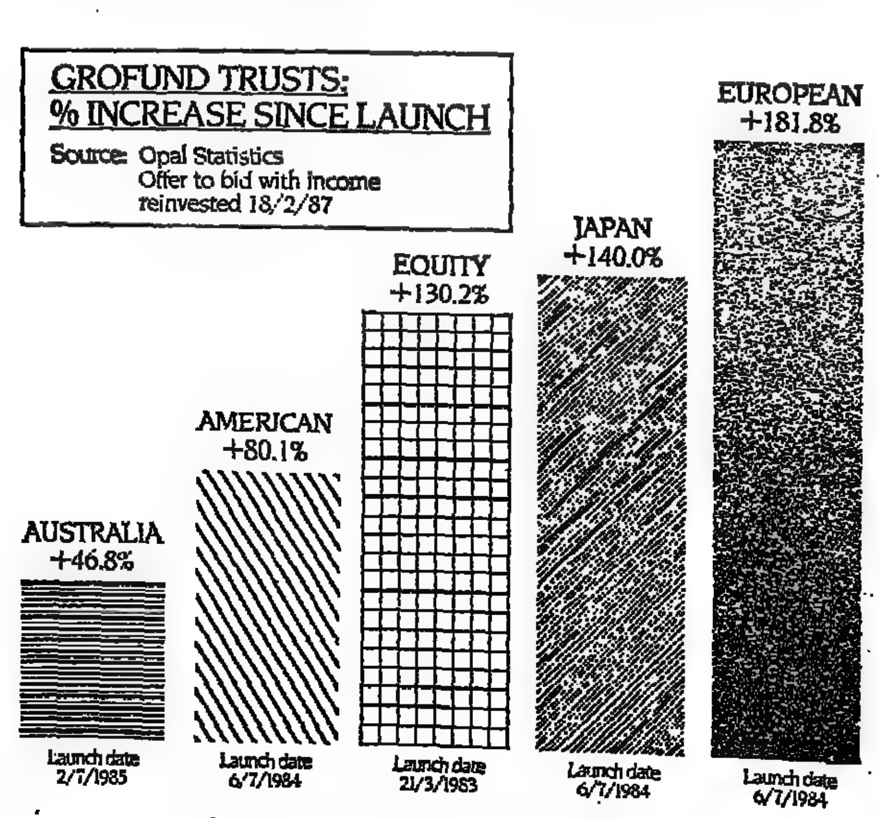
Venice economic summit in June.

Mr Stoltenberg could offer to add to that DM 9bn but to insist on sticking to his schedule. About DM 5bn could, theoretically, be added next year, provided a planned DM 40bn tax reform planned for the early nineties is correspondingly reduced in scale.

In Bonn yesterday Mr Stoltenberg did not rule out bringing the 1988 tax cut forward, but said it was not on the agenda "now." Another government official later said firm decisions on tax measures would have to wait until the three coalition parties which form the West German Government had completed their round of post election policy negoaiations. These talks have become stuck over basic elements of the big tax reform package.

Informed diplomats were suggestaing the Germans would merely join other G-5 governments on Sunday in making individual statements of intent on broad economic policy. There would have to be a "lot of understandings on domestic policy commitments," said one diplomat, in order to have a real understanding on exchange rates.

In London, the dollar ended lower yesterday at DM 1.8275 compared with the close on Thursday of DM 1.8335 and at Y153.60 after Y154.05.



WEEKEND FT

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Saturday February 21 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

'Off the record, old boy...'

Peter Riddell explains the finer points of the Lobby system at Westminster

WHEN W. E. Gladstone, then Chancellor of the Exchequer, sent papers on annuities legislation to a friendly journalist in 1865 with encouragement to write about them, he gave instructions not to disclose the source of the information. Little has changed in the intervening years—except, alas, the willingness of Chancellors to pass on secret documents. Now, at 4 pm on most weekdays, a group of journalists troop *up a spiral staircase to a turret room* in the Palace of Westminster—appropriately, perhaps, just above the office of that most adept of political operators, *Sir Edward du Cann. The journalists'* purpose is to attend a meeting of the Parliamentary Lobby to be briefed by Bernard Ingham, the Prime Minister's press secretary, again on the agreed basis that nothing said at the briefing should be attributable to him or to Downing Street.

The Lobby—or, rather, the nature of these regular briefings—has again become a subject of controversy. *The Independent newspaper is boycotting* them; *The Guardian* has rejected the non-attribution rule. The result has been a lengthy and as yet unresolved internal debate about the role of the Lobby.

Once described by the shadow Home Secretary, Gerald Kaufman, as "an extremely secret organisation that everyone at Westminster knows about," the Lobby consists of 150 political journalists whose job is to report on behind-the-scenes government and party matters. They are distinct from the press gallery and sketch writers, a craft pioneered by Charles Dickens, who concentrate solely on what is said in parliament.

The Downing Street briefings are only a small part of the way political *journalists obtain news and governments* seek to influence how it is presented.

Political reporting is unusual, precisely because of the very close mutual dependence between MPs and the press. At its most absurd, some members—like Peter Bruinvels and Geoffrey Dickens—are widely known, and indeed pride themselves on being known, as "rent-a-quotes" *for pronouncing publicly on every subject that might catch* a headline. More significantly, there is an unusual degree of informality involved in the relationship.

Such proximity is why the Lobby bears that name. Following two Fenian (Irish-American) bomb outrages—we would now call them incidents—at Westminster, it was decided in 1884 to restrict access to the Members' Lobby. This is the area just outside the House of Commons chamber where MPs gather to gossip and to collect mail, messages and public documents from the Vote *Office. The offices of the various party* whips all open on to it.

Among the exceptions to the 1884 restrictions were political journalists on a special list kept by the Serjeant-at-Arms, the administrator of the Commons. That remains the basis of accreditation to this day.

Access to the Lobby, and other parts of the Commons closed to the public, remains the main advantage of accreditation. After a 10 pm vote, the Lobby is the place to accost a Secretary of State who throughout the day is safely protected against indiscretion by his private office and departmental press offices. But late at night, and unchaperoned, he might be (and often is) willing to talk more informally and *indiscreetly. If there is a back bench* buzz on some subject—say against some government action—then the Lobby is where it will surface after a vote. Outsiders, including journalists, are excluded during votes; hence the Speaker's cry of "Clear the Lobbies" when announcing a division.

But the Lobby, its adjoining corridors and nearby Annie's Bar (reserved solely for MPs and Lobby members) are places for gossip rather than startling leaks. Westminster is a small village where the connections between an observed chat and a subsequent story are quickly made; thus, leaks are likely to be heard at lunch or dinner away from Westminster. (The favoured restaurants tend *to vary; in a kind of Gresham's law, the* more popular a place becomes the less its value as a venue for indiscretion.)

The late Richard Crossman, a minister in Harold Wilson's Labour Government, faithfully recorded in his published diaries (more reflective but less accurate than those of Cabinet colleague, Barbara Castle) his frequent lunches with journalists, notably those he hosted at London's Garrick Club. Of one, he noted: "It *was a gay and pleasant* affair. One of the sad things I have to admit is that it was delightfully productive. I can't deny that it was a result of my entertainment that a charming paragraph appeared in the gossip column of The Times about the wonderful work of John Silkin and myself . . . It certainly does pay to be nice to journalists."

The relationship is not one-sided. *Journalists get good stories out of these* selective leaks, or briefings. One of the joys of political reporting is that there is no monopoly of information. Not only are there competing parties eager to present their views but the 650 MPs are themselves very much individual operators, each with personal ambitions. Similarly, the Government is in no sense a monolithic entity—unlike, say, a major company presenting a unified face to the world.

Almost all such conversations are on "Lobby terms"—that is, on the understanding that the source is not revealed. (It might be, and often is, suspected, but nothing is provable.)

It was only in the 1930s and 1940s that a more formal system of collective briefing by Downing Street officials appeared. In part, this reflected growing demands on the time of the Prime *Minister and other ministers, who were* not as readily accessible as before. The view of the Lobby as a tightly-knit secret organisation emerged in the 1950s and 1960s. Such an atmosphere is conveyed in Downing Street Diaries, an account by the late Sir Harold Evans of his period as press secretary to the administrations of Harold Macmillan and Alec Douglas-Home. He concluded: "I remember no serious disagreements between the Lobby group and myself during those seven years." Sir Harold remarked that the Lobby was: "as anxious as anyone else that there should *be no trangressions leading to loss of* privileges."

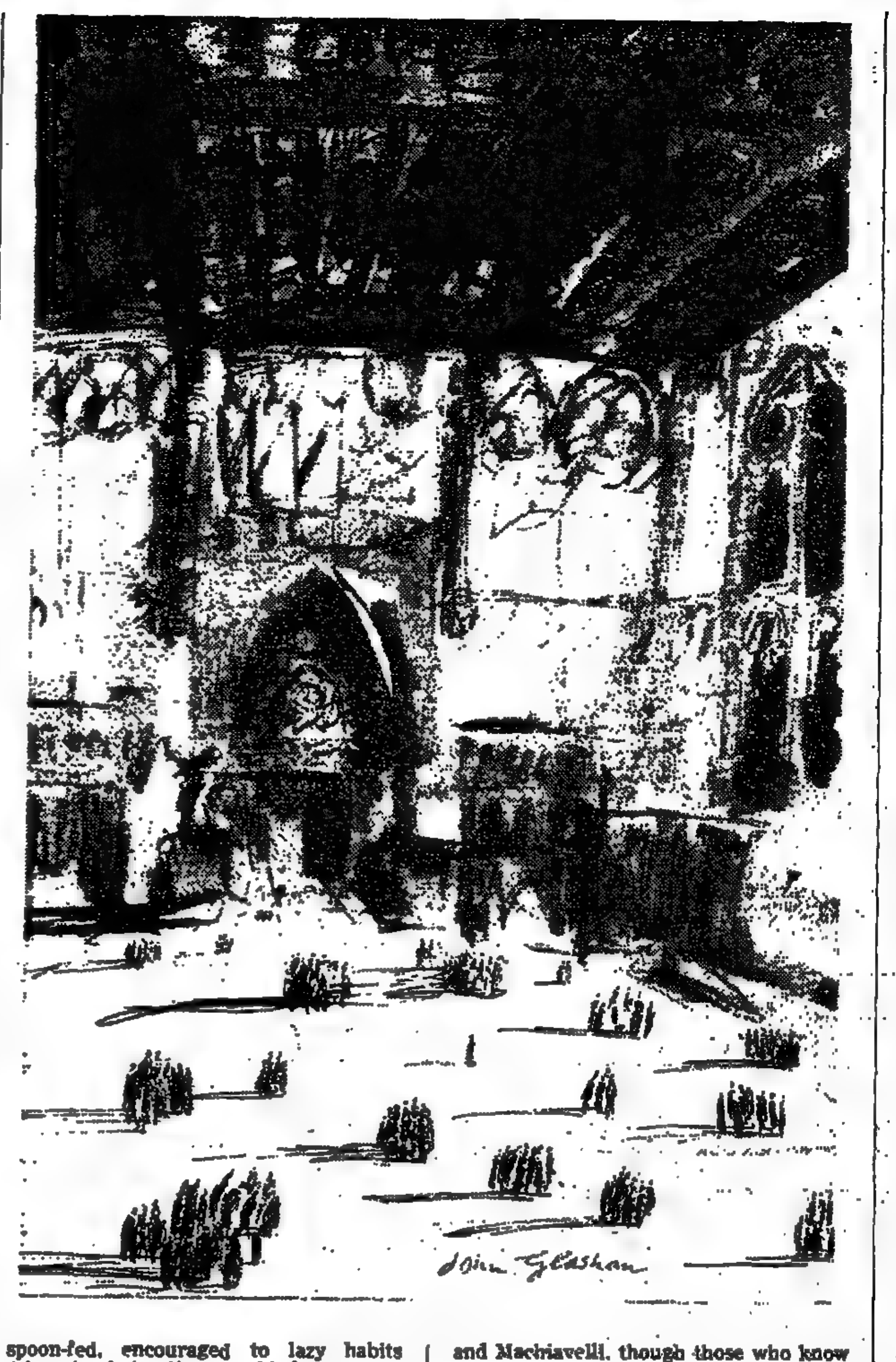
The days in which each of his nuances was treated as being significant are long gone. The size of the Lobby has not only roughly doubled but its membership is younger and more fluid. Hence, there is less readiness to accept the old conventions of absolute secrecy (never admit to an outsider that the meetings exist, let alone disclose what *happened*).

Moreover, the Lobby's role as a disseminator of information is much reduced. Ministers seldom appear at its meetings, apart from the leaders of the Commons and the Lords who give weekly briefings on Thursdays and Fridays about the following week's business. Prime Minister Thatcher has appeared only once in six years. She prefers on-the-record interviews with the Press, television and radio, as do other ministers.

The daily briefings by Downing Street press offices—one at 11 am at Number 10 and the other at 4 pm at Westminster—are now mainly routine affairs; very few major stories emerge. The [illegible] traditionally [illegible] or a member of [illegible] Prime Minister's day.

It is what happens next that is more controversial. Ingham has argued that what he is doing is offering guidance. Downing Street rarely makes announcements of substance—that is for Whitehall departments. What Ingham can do is to reply to questions and give a steer—in Sir Harold Evans' *phrase "shooting down flights of fancy,* trimming them down to size or giving them the right proportions." Ingham argues that his comments should remain unattributable primarily because of the constraints imposed by Parliament as the main place where Government announcements should be made.

The critics argue that the system is open to abuse. Journalists can be



spoon-fed, encouraged to lazy habits (though their diet would be *meagre* indeed if they relied on the daily briefings). A remark by a Press officer can also be presented as the view of several *ministers. Moreover, critics say,* the non-attributable rule allegedly gives Governments the ability to "set the agenda" of political debate.

[illegible] Crossman admiringly re[illegible] the style of Harold Wilson in [illegible] day in November 1966: "I saw [illegible] brilliantly he handles the Lobby. [illegible] kind of Further Education lec[illegible] they eat out of his hand when [illegible] everything very sensibly, [illegible] pedestrianly, in a style with which they feel at home."

Some of the recent strains have reflected not only changed journalistic attitudes but also Thatcher's dominant style of leadership, as faithfully reflected by Ingham. His influence as one of her longest-serving and most valued advisers is undoubted, and he is seen by journalists as an accurate messenger of her views and moods.

Yet the very directness of Ingham's style has led to rows. Outsiders have portrayed him as a mixture of Rasputin and Machiavelli, though those who know *him best regard him more as a bluff* Yorkshireman whose occasional outbursts (marked by the exclamation "dammit") are quickly followed by smiles. Yet, as the Westland affair and the row about his involvement in the leaking of a law officer's letter showed, this approach can, at the most euphemistic, cause misunderstandings. In that sense Ingham symbolises Mrs Thatcher's way of running Whitehall.

During his evidence given in Australia in the MI5 "book" case Sir Robert Armstrong, the Cabinet Secretary, described *the system of unattributable* briefings as seeking "to influence opinion without acepting responsibility." But it is up to journalists to assess the information and put it in context.

The advocates of change draw comparisons with overseas experience. In West Germany the Federal Chancellor's spokesman attends Cabinet meetings and talks publicly. In the US the president's press secretary is continually on tele*vision. Yet the parallels can often be* misleading. Even in the US the White House press secretary often makes remarks non-attributably as well as attributably during the same briefing. More notoriously, when Henry Kissinger was US Secretary of State his disguise, as "a very high official on the secretary of state's plane" in his globe-trotting days was instantly penetrated worldwide.

Even in Britain the daily Lobby briefings are unusual only for their prominence, or notoriety. The political journalists working for the Sunday *papers have their own group,* with far more frequent, informal meetings with ministers than their daily counterparts. Similarly there are groups of other specialist journalists—defence, diplomatic, labour and motor correspondents —arguably more dependent on a smaller range of sources than those working in the adversarial world of Westminster.

It is questionable whether it will be possible to maintain the Lobby as it has evolved, given the manifest internal and external disagreements about its role. The report last December of an inquiry conducted by a group from the Lobby's own elected committee recognised that maintaining the system would be difficult; avoiding a breakdown *would require restraint on both sides.* The old mutual conventions are no longer generally accepted.

A move to a modest form of attribution—identifying Downing Street officials as the source of briefings—is still resisted by the Government and by many *Lobby members. They fear that a switch* to attribution would soon break down and that, quickly, a small group of favoured correspondents would be privately briefed by Downing Street—as happened with Neville Chamberlain and with what was known as a "White Commonwealth" of senior Lobby men in the Wilson years. The present system it is argued at least ensures fair treatment between all correspondents.

Yet whatever the outcome of the Lobby's soul-searching—and I write as someone closely involved, as a member of its own inquiry—the regular briefings seem certain to become less significant as a source of information. The main opposition parties are pledged, if they come to power, to move away from a non-attributable system. Sceptics point out that such promises have been made before, and previous experiments in greater attribution have failed. But a proposal to require a written acceptance of the rules for attendance at briefings *was recently rejected by the Lobby in* a ballot. So strains and conflict look likely to continue with, in the short-term, a two-tier system, possibly leading eventually towards a more open, perhaps mixed attributable and non-attributable, framework.

Nevertheless, many participants feel that the fuss is greatly overdone: the Downing Street briefings have become only a small part of a reporter's life, and in today's circumstances could become even smaller. Most people would agree with the verdict of Sir Tom *McCaffrey, who served as James* Callaghan's press secretary in Downing Street, that the Lobby system is a "convenience, not a conspiracy."

What is certain is that the general practice of non-attribution at Westminster will remain an inescapable part of political, as all other, journalism. Even *The Independent* and *The Guardian* draw the line only at mass briefings; they continue to use other unattributable official and ministerial sources; a destinction which puzzles some participants. It is part of the Faustian pact which *journalists make when they work at* Westminster. To report on the political process they have to become part of it.

The Long View

Taurus moves into a bull market

Some investment managers use computers to shift astronomic sums in the stock market. Others, it seems, consult astrologers. Anthony Harris urges readers to stick to ordinary economic intelligence

THE FIRST thing I heard about the markets on Thursday came from an astrologer. He first forecast that the bull market would continue until May, which was hardly surprising; *that is what bull markets* are supposed to do. Then, he said something that almost spoiled my breakfast. His studies of the planetary influences were eagerly bought, he claimed, by a number of fund managers and unit trusts.

After that, it was not at all surprising that equity prices had fallen sharply by lunchtime; had I been a *dealer, I might* well have concluded that it was time to leave the bull market to the stargazers. To be honest, *though, I doubt that any actual* dealer had heard this suggestive interviews; they are at their desks too early.

What they were likely to have heard was that the latest opinion poll had shown a further gain by the Alliance, which now seems to constitute the main threat to a third term for Mrs T. Later, they learned that the much-discussed meeting of the Group of Five (and the Group of Seven) would actually be taking place this weekend.

The first news item might clearly be read as less than good news by anyone who still takes the polls seriously. Perhaps the *news that Clement Freud, who* is known as a shrewd punter, not given to Quixotic gestures, had backed his own side in the *Greenwich by-election* was thought to provide confirmation of the Gallup figures.

On the other hand, the news of a G5 meeting had been widely discussed in advance as good news; indeed, this column suggested only last week that any rise on the news would be a good opportunity for profit-taking.

The actual market reaction was a lesson to anyone, including myself, who fancies that he can thought-read in the markets.

With one accord, the analysts of Tokyo, Frankfurt and Zurich rubbished the G5 meeting before it had even assembled.

It had not been adequately prepared, they said; it would produce nothing but a well-meaning communique about consultation and stabilisation. The effect on the currency markets would last a week or two at most. By this time, they had talked themselves into *believing* that the mere announcement of a meeting was bad news.

This is the strategy of Lewis Carroll's White Queen who, you will recall, used to scream before she was hurt, and it is not at all a bad investment strategy. However, the attempt to anticipate market reactions can lead you into the insoluble maze of double-bluff and triple bluff; you should try to do it, but there is every chance that you will get the wrong answer.

You will greatly reduce that chance if you try to analyse the motives of those in the market. This is a good deal easier than thought-reading and relies simply on a variety of the good old contrarian rule which is one *of the basic themes of this* column. Simply remember this: dealers usually have a strong motive to try to disturb any *long-established* trend *in the* market.

This is not at all the same as trying to reverse the trend; the dealers love a bull market, and can simply go home and bite their nails in a prolonged bear *market. However, the greatest* danger to a bull market is that it will blow out in a speculative climax, and the greatest frustration for a dealer is to find that he is facing a bull market with little or no stock on his books.

For both these reasons, an occasional sharp shake-out, which will send some of the more speculative souls running for cover and give dealers an opportunity to restock their books, is more than welcome, and market men are certainly not above provoking it.

It is this kind of short-term movement, reflecting the market's own pattern of behaviour, which chartists are rather good at forecasting with their trend lines and resistance levels. The only difficulty is that, in today's markets, money moves so quickly that the whole process of chart forecasting is of little use to anyone other than professionals.

It is in the futures markets, the quickest and most professional of all, that they wear badge lapels proclaiming "The Trend is my Friend." For the small investors, the trick is not to forecast these shakeouts (which would be pure luck) but to tell the difference between a shake-out and a turning point. *For this purpose, professional* pride impels me to repeat: you can't beat the economic fundamentals.

Those fundamentals have not changed in the past few days. In terms of economic growth, the world outlook is certainly not exciting.

The outlook for Britain and the US is a good deal brighter, thanks to the recent changes in exchange rates. In both countries, the current account of the balance of payments might well look forbidding for a time; but already the movements in the volume of orders and output is quite strong, and the profits picture is still brighter.

Finally, the *monetary* picture remains unchanged. We are still in the midst of the great unwinding following the *monetary squeeze of the early* 1980s. Cash is abundant, and most of it is going into equity markets (and housing in this country). A good deal of the British asset boom is supported by foreign money — overseas banks buying into the British mortgage market and overseas funds piling into selected British equities. The footprints of foreign fund managers are easily seen in the fact that the FTSE 100-share index, which contains just about all the internationally traded stocks, has far out-performed the broader All-Share index.

You will be able to confirm (or modify) this picture simply by watching the statistics and the forecasts as they appear—especially the forward-looking surveys of business opinion.

Or perhaps you could save yourself a lot of trouble and ask an astrologer. I do seem to be saying much the same as the one I heard on Thursday.

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Revellers refuse to leave party

AND STILL the party goes on. The London Stock Market equity indicies rose to record-shattering heights again this week, helped along by mounting excitement over the contents of Mr Nigel Lawson's budget box.

The FT indices rose steadily from Monday to Wednesday and, while the run came to an abrupt halt on Thursday, with an expected bout of profit-taking at the end of the account, yesterday produced a strong bounce back. The FT-SE 100 index closed last night at 1,961.50.

That compares with 1898.1 a week before and 1679 at the start of the year, when the bull run got under way. The question now is how soon it will charge on to 2000 or more. Gilts too rallied, with the yields on high coupon longs dropping to 9.7 by Thursday night.

The continued advance of Wall Street helped underpin London's rise this week, but the main reason was domestic: the growing optimism over substantial tax cuts in the budget on March 17, and the possibility of lower interest rates to coincide with this.

Sentiment was helped by official figures showing a substantial surplus in government finances in January — further evidence of a sizeable undershoot in this year's Public Sector Borrowing Requirement — and a sharp fall in the year-on-year rate of growth in narrow money M0. The statistics underlined the potential scope for tax and interest rate cuts, though the Bank of England moved swiftly to make clear that it was not yet prepared to see lower interest rates.

The market also warmed to an opinion poll, focusing on marginal constituencies, which suggested that the Tories would easily win an early election.

Inevitably, with so much "good" news already factored in to the market's valuations, analysts are questioning just how much further equities can

London

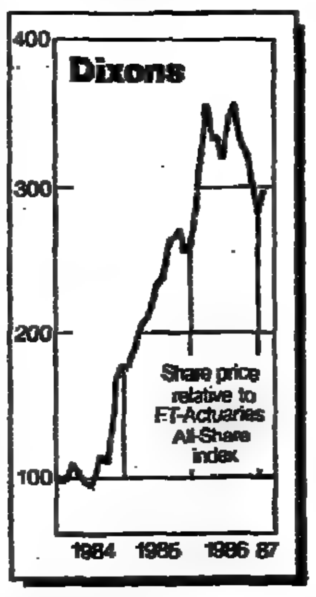
rise. But the gloom-mongers have been wrong-footed repeatedly in recent weeks by the strength of demand for stock, and by investor's concern not to quit a profitable party early. With few sizeable clouds on the horizon, there seems little to stop the market gaining further ground in the run up to the budget, even if it undergoes a correction thereafter.

That said, the political round could move away from the Tories, and there are several statistical hurdles ahead of March 17, such as the January trade figures, due next week. And there may be some nervousness over the level of sterling, which has firmed somewhat ahead of this weekend's meeting of the leading industrial nations in Paris to examine the scope for currency stabilisation. But the pound remains vulnerable to a drop in oil prices, and the past week has seen the spot price of Brent blend slip below $17 a barrel amid growing doubts as to whether OPEC can make its $18 a barrel benchmark stick.

The volatility of the oil market was underlined on Thursday when British Petroleum produced its fourth quarter figures, showing profits on a replacement cost basis of £202m, against £480m the previous year.

The drop reversed the pattern of BP's profit mix in the first nine months of the year, when the steep fall in the price of oil meant far lower profits from upstream production, but the effect was cushioned by much greater profits from downstream refining and marketing. The rise in crude prices in the final months of the year, coupled with an oversupplied products market, resulted in a severe squeeze on the group's refining and marketing operations and meant the group's full year replacement cost profits were almost unchanged at £1.?8bn.

BP said downstream margins had recovered significantly in the first month and a half of this year and Sir Peter Walters, the chairman, made optimistic noises about the outlook. Nevertheless, the shares were marked down sharply, in large measure because the 1p increase in the dividnd, to 35p, was at the bottom end of over-inflated expectations.



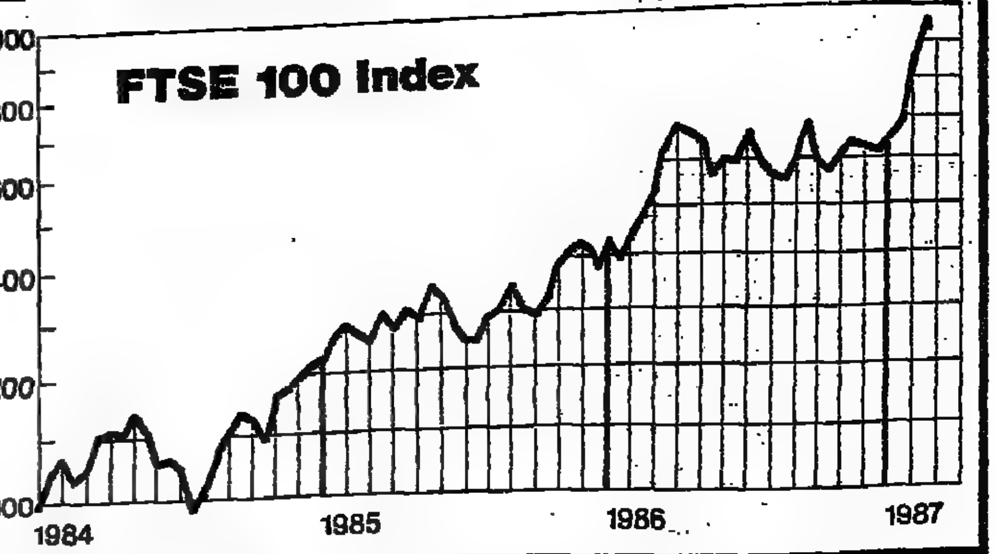
Meanwhile Guinness finally confirmed what had been common gossip for days—that Mr Anthony Tennant, the deputy chief executive of Grand Metropolitan, is to take over as chief executive of the scandal-battered drinks group. But there was an unexpected addition: Mr Michael Julien, currently deputy chief executive of the Eurotunnel project, is to become Guinness' managing director of finance.

The combination seems very good news for Guinness. Mr Tennant has been in charge of Grand Metropolitan's impressive growth as an international drinks business and was responsible for the creation of such strong brands as Bailey's Irish Cream and Malibu. Mr Julien, a former finance director of Midland Bank, is very highly regarded in the City (and his move is a severe blow to the credibility of Eurotunnel). The appointments helped Guinness's share price, but this remains under a cloud of concern over the Government's investigation into the company, and the litigation that may flow from this.

Another long-standing market rumour took more concrete form this week when Dixons, the electrical retailer, confirmed it was making an agreed £250m bid for Cyclops Corporation of Pittsburgh. The deal takes Dixons into the US with a substantial foothold: Cyclops is the third largest US specialist electrical retailer, operating from large, out-of-town sites. This is not as grand as it may sound, since the sector is highly fragmented and the 10 market leaders have only 7 per cent of its sales between them.

Nevertheless, the large specialist groups are a relatively new phenomenon in the US and have been making rapid ground against the independent traders and department stores which have traditionally dominated electrical goods. Dixons, with its UK expertise, should be well positioned to grow the business. It has reached agreement to sell off Cyclops' other industrial businesses, which will reduce the cost of the deal to around £203m. That represents a multiple of around 25 times 1986 net income, which is hardly cheap, but Dixons can hope to avoid dilution in the first year. Furthermore, the deal puts some fresh momentum behind the group, which had been suffering from an air of anti-climax ever since its £1.8bn bid for Woolworth was defeated last summer.

Martin Dickson



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986-87 high	1986-87 low	
FT Ordinary Index	1,567.0	+46.0	1,567.0	1,094.3	Resumes surge to record levels
Treas. 9pc 2008 (£25 pd.)	£26¾	+ 1½	£26¾	£24¾	Demand exhausts official supplies
Allied-Lyons	381	+23	381	253	Far Eastern source builds stake
Argyll Group	394	+29	390	300	US drinks subsidiary sold
Assoc. British Ports	489	+76	489	186½	Property development potential
Avana	743	+45	743	458	Awaiting bid developments
Beecham	540	+35	541	320	Strong Pharmaceutical sector
Burton	281	+20	354	242	Pre-Budget optimism
Dewey Warren	253	+62	253	67	Bond Corporation stake speculation
Glaxo	£15¼	+ 1¼	£14½	756	Sustained international demand
Highgate and Job	235	+50	235	120	Bid from Robert Fraser and Partners
Lee Cooper	426	+60	426	138	Hopes of French bid
Lister	192	+44	198	64	Oxford Street property sale hopes
London International	367	−44	430	159	Persistent profit-taking
Manganese Bronze	141	+27	143	52	Takeover speculation
Ricardo	136	−26	164	109	Fall in half-year profits
Trusthouse Forte	216	−10	226½	140	Profit-taking after recent rise
United Scientific	226	+40	226	117	Morgan Grenfell circular
Ward Holdings	503	+123	503	246	Excellent annual results
Wellcome	423	+40	452	156	Anti-AIDS drug potential

NatWest set for leap

THREE OF the big four banks —BARCLAYS, LLOYDS and NATIONAL WESTMINSTER— are due to report results next week on Thursday, Friday and Tuesday respectively. All three are expected to report improved profits, thanks partly to the boom in consumer credit and the reduced need for LDC debt provisions. NatWest is expected to leapfrog Barclays in the hierarchy and become the biggest profits-earner.

Barclays had a poor set of interim results and its full-year figures are expected only to edge up to just over £900m from £854m last year. Domestic banking profits are likely to be virtually static, thanks to a cautious lending policy and the costs of branch refurbishment. With only two months of post-Big Bang activity, it will be too early to tell whether the cost of establishing the BZW group has been justified.

Rumours that Lloyds might make a renewed bid for Standard Chartered could dominate the run-up to the announcement of its full-year figures, which are expected to show pre-tax profits of more than £700m, compared with £561m last year.

International profits are expected to contribute much of the increase, with the help of loss elimination in Australasia, the Middle East and Africa.

Results due next week

Over the past year, Lloyds has disposed of several investments, including Lloyds Bank California and a stake in the Royal Bank of Scotland.

NatWest looks set to break the £1bn barrier with its full-year pre-tax profits, a substantial improvement on last year's £804m. That is partly due to the benefits of May's £714m rights issue and October's £120m ADR listing, but also because NatWest has taken the fullest advantage of the consumer boom. International bad debt provisions are likely to be sharply down from last year's £287m.

The past year has never looked like one in which ICI would beat its 1984 profits record of £1.034bn, for oil profits have been hit badly by the collapse in prices and fertiliser profits have been wiped out by severe difficulties in world agricultural markets. Nevertheless, the group's third-quarter profits were at the top end of expectations and a number of factors have combined to raise expectations for the fourth quarter.

The main factors will have been exchange rate movements, which could have added up to £30m, and the elimination of the £10m associated with the termination of Chevron's Paraquat distributorship in the US. The commodity businesses have been showing signs of strength, and there will have been a first-time — albeit small — contribution from Glidden.

Most analysts are looking for £1.02bn overall compared with £912m in 1985, but few will be surprised if the figure goes a little higher. The full-year results for 1986 may yet, therefore, challenge the record of two years ago when they come out on Thursday.

CADBURY SCHWEPPES found itself back in the headlines at the end of last month when General Cinema, the US Pepsi bottler, took an 8.3 per cent stake. Perhaps in an attempt to forestall any further stake building, Cadbury has brought forward the announcement of its figures to Thursday.

The background to the results is favourable, with the biggest single factor being a strong recovery in US profits after the disastrous losses of 1985. In the UK, too, there should have been progress right across the sweets and pop businesses, and profits will have been boosted by cost savings from improved production methods. European sales have also been very buoyant.

Overall, analysts have been forecasting around £125m compared with £93.3m last time, but most now expect a slightly higher figure: £128m seems likely.

The finals season for engineering companies begins on Monday when VICKERS is expected to unveil pre-tax profits of around £55m, against 1985's £45.1m. The expected healthy increase has helped shares in the company to rise about 25 per cent to above 500p since the start of the year.

Rolls-Royce, which made sales of £175.8m in 1985, is the main contributor to turnover and has been performing well. Demand from the US is strong and production levels are recovering to those of the early 1980s.

Printing plates and office equipment will also show strong advances, but overall progress will have been hampered by marine engineering.

Analysts forecasts on pre-tax profits not far short of £300m for 1986 helped shares in ROYAL INSURANCE break through the £10 barrier recently (against a low for the year of 762p). With annual results due on Thursday, two sets of factors have turned market sentiment in favour of the Royal.

Deeply committed to North America—the source of 56 per cent of its non-life premium income—the Royal was hit hard in 1984 when a six-year price war left the US insurance industry fighting for survival. Royal's worldwide pre-tax profits fell to just £11m.

Since then, steep premium rate rises in the US have fed through to a huge bottom-line recovery, and Royal can expect to have made £290m last year (according to estimates from stockbroker Wood Mackenzie, Royal's biggest fan in the City).

Second, Royal has candidly admitted that shareholders suffered badly in the past. So Alan Horsford, Royal's chief executive, has ruled out a rights issue for at least five years. He is also confident that Royal can fund a 15 per cent annual increase in dividends.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int
FINAL DIVIDENDS				
Barclays Bank	Thursday	8.4	10.2	9.5
Bullers	Tuesday	0.5	1.0	0.5
Cadbury Schweppes	Thursday	1.8	4.3	1.8
Capital and Counties	Tuesday	2.2	2.3	3.0
Cowie T.	Wednesday	1.75	2.25	1.75
Edinburgh Financial Trust	Monday	0.3	0.7	0.5
Electronic Machine	Monday	—	0.7	—
First Scottish American Trust	Wednesday	4.0	6.0	4.5
Foreign and Colonial Trust	Wednesday	0.48	0.99	0.53
ICI	Thursday	13.0	20.0	14.0
Jebsen Drilling	Monday	—	—	—
Ladies Pride	Tuesday	0.5	0.25	0.5
Lancashire and London Investment Tst	Tuesday	2.0	5.13	2.0
Lloyds Bank	Friday	6.0	9.0	6.25
McAlpine, Alfred	Tuesday	3.8	8.7	4.0
Metal Bulletin	Tuesday	1.5	2.75	—
Murray International Trust	Tuesday	1.5	3.0	1.5
National Westminster Bank	Tuesday	10.0	18.2	7.0
OCE	Thursday	—	—	—
Philips Lamp Holdings	Thursday†	0.60	1.40	0.60
Pittard Group	Wednesday	0.96	2.76	1.12
River Plate and General Investment Tst	Thursday	2.0	6.5	2.2
Royal Insurance	Thursday	9.2	16.55	10.5
Sale Tilney	Friday	2.5	4.0	3.0
Sedgwick Group	Friday	3.25	7.75	4.0
Templeton Galbraith and Hansberger	Friday	—	—	—
Trencherwood	Tuesday	1.5	3.7	1.65
US Debenture Corporation	Tuesday	2.25	4.27	2.25
Updown Investment Company	Wednesday	—	4.8	—
Vickers	Monday	5.0	8.0	6.0
Water City of London	Wednesday	0.77	1.54	0.77
Yorkshire Chemicals	Wednesday	—	3.0	1.5
INTERIM DIVIDENDS				
Arbuthnot Government Securities Trust	Friday	2.5	2.5	
DPCE Holdings	Monday	0.48	1.32	
Elecp Holdings	Wednesday	1.5	3.1	
Electron House	Wednesday	1.4	2.0	
F. and H. Group	Thursday	—	—	
FII Group	Monday	2.25	4.5	
Global Group	Monday	1.0	1.75	
Isotron	Thursday	0.5	1.0	
Lee International	Tuesday	—	1.5	
Murray Income Trust	Tuesday	1.8	3.6	
News International	Monday	4.8862	4.1389	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Fl per share gross.

Bringing home the bacon

UNLISTED Securities Market companies are often snapped up by fully-listed groups; much more rare are cases of "the biter bit," a USM company buying a main market concern. But this week E. T. Sutherland, the USM-quoted canned foods and chilled meats producer, brought home the bacon in the form of the fully-listed pork butcher, Home Farm Products.

The takeover is not the first of its kind — USM-quoted Howard Group reversed into fully-listed fellow insurance broker PWS Holdings last year. However, it leaves Sutherland with the unusual, but happy, dilemma of choosing between the two markets. Of course, Sutherland could not move up unless it met the requirements of the main market—a five-year trading record and 25 per cent of its equity in public hands—but that should not prove a problem.

Sutherland is still pondering its decision. In the end, prestige is likely to make it opt for the senior market despite the easier acquisition rules that have caused some to linger on the second tier.

The USM looks likely to lose a company by a more traditional route if the agreed £21.2m bid by the Heywood Williams Group for Thermax Holdings succeeds. Thermax, a manufacturer of toughened glass, joined the USM in 1983 by reversing into VW, a precision engineering company, which it then sold in 1985.

Bid speculation has surrounded the group since July 1986 when Suter, the acquisitive mini-conglomerate, acquired a 6.66 per cent stake. Since then, the shares have risen from 90p to a high of 175p on the back of a steadily increasing Suter stake.

However, instead of Suter, which ended up with a 27 per cent holding, it is the glass and aluminium specialist Heywood Williams which has made the approach. The move appears to have industrial logic on its side and holders of 43 per cent of Thermax shares, including Suter, have agreed to accept the offer.

Ring out the old, ring in the new—as Sutherland and Thermax look set to depart, three new companies joined the USM this week. Prism Leisure began as a record and cassette wholesaler in Edmonton in 1981, expanding since by acquiring retail outlets and by moving into computer games. Pre-tax profits have increased from £164,000 in the year ending March 31, 1985, to £301,000 last year, with Prism forecasting at least £500,000 this year.

The launch is the first to be arranged by the National Investment Group, a new consortium of regional stockbrokers, and 1.06m shares, around half of which are being sold by existing shareholders, are being placed at 120p each.

Hewetson Group is involved in a rather more prosaic business—the manufacture and

Junior Markets

installation of raised access flooring—but it can point to a rather longer trading record than Prism since it was founded by John Angelo Hewetson in the 1870s.

The most recent phase of the company's history began in 1980 with a management buyout of the then Hewetson Floors from the International Timber Corporation. Profits climbed steadily before dipping from £202,000 to £170,000 in the year ended March 31 1985, but they bounced back to £290,000 in the following year. The directors are forecasting pre-tax profits of at least £440,000 this year.

Just over 1.45m shares are being placed by Rensburg at 70p each to raise around £500,000 for the company and about £385,000 for existing shareholders.

Forward Group is the largest of this week's new entrants with a market capitalisation of £9m at the placing price of 125p. The company, which was founded in 1979, manufactures hi-tech printed circuit boards in small batches for use in industrial prototypes. Although the volume producers of circuit boards have been hit by the problems of the electronics industry, Forward's niche allows it to expect pre-tax profits of £900,000 in the year to January 31 1987.

On the Third Market, Stock Exchange figures showed that turnover had bounced back after dipping in the second week. But the bulk of the activity is centred on Eglinton Oil and Gas, an Irish exploration company, which used to be traded under the old 535 (3) rule; and dealers commented that trading in Eglinton had been unaffected by the opening of the market. Trading in the other stocks remains sluggish.

Philip Coggan

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.00	5.12	3.96	2.88	monthly	1	—	0-7
High interest cheque	7.70	7.93	6.14	4.46	quarterly	1	2,500 minimum	0
Three-month term	7.38	7.59	5.88	4.28	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	5,000 minimum	0
High interest access	8.75	8.75	6.78	4.93	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.93	5.04	half yearly	1	500-24,999	90
90-day	9.00	9.20	7.13	5.18	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.75	8.34	6.46	4.70	yearly	2	5-100,000	30
Income bonds	12.25	9.27	7.18	5.22	monthly	2	2,000-100,000	90
32nd issue‡	8.75	8.75	8.75	8.75	not applicable	3	25-5,000	8
Yearly plan	8.84	8.84	8.84	8.84	not applicable	3	20-200/month	14
General extension	8.70	8.70	8.70	8.70	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.49	7.63	5.91	4.30	half yearly	1	2,500 minimum	0
Schroder Wagg	7.48	7.74	5.60	4.36	monthly	1	2,500 minimum	0
Provincial Trust	8.22	8.54	6.61	4.81	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	9.52	7.23	5.97	4.79	half yearly	4	—	0
10pc Treasury 1990	9.90	7.01	5.41	3.91	half yearly	4	—	0
10.25pc Exchequer 1995	9.91	6.97	5.35	3.29	half yearly	4	—	0
3pc Transport 1978-88	7.31	6.40	5.90	5.43	half yearly	4	—	0
2.5pc Exchequer 1990	7.21	6.41	5.96	5.55	half yearly	4	—	0
Index-linked 1990¶	7.16	6.57	6.24	5.94	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Ang Nordic Hldgs	31½*‡	26	23½	2.99	Smidth (F. L.)
Arncliffe Hldgs	75*§	90	98	3.75	Govett Strat In Ts
Avana Group	779§	742	480	271.96	RHM
Baker Perkins	326½	329	365	130.21	APV
Barrow Hepburn	73½‡§§	74	42	24.46	BTP
Barrow Hepburn	74	74	72	24.69	Yule Catto
Berisfords	179§‡§	267	137	9.81	Ferguson Indl
Burns-Anderson¶	115*	134	—	23.64	Dudley
Chambrln Phipps	120	134	130	43.70	Wardle Storeys
Crouch (Derek)¶	243§	214	218	30.34	Ryan Intl
Dataserv	210	190	200	69.16	Bell South Corp
D. J. Security Alarms	131½	128	91‡‡	5.34	Britannia Security
Exco Intl¶	316½§§	329	203‡‡	740.94	Brit & Comm
Europn Ferries¶	147§§	146½	331	341.25	P & O
Feb Intl	185	166	108‡‡	3.21	Tarmac
Feb Intl 'A'	125	116	78‡‡	6.40	Tarmac
Fothergill Hrvy¶	337	334	178	42.25	Courtaulds
Goldsmiths Grp¶	275‡‡§	272	264	41.67	Oriflame
Grosvenor Group	125†§	125	120	7.79	BBA Group
Grosvenor Group	125†§	125	125	8.41	Hollis
Henera	70*	69	57	8.04	Warner-Lambert
Highgate & Job	200*	235	200	1.94	Fraser (Robert)
Home Farm	157§	147	113‡‡	7.35	Sutherland (E. T.)
Hwrd & Wyndhm¶	18*§	17	30	3.23	Intermediate Secs
Jacksons Brn End	445*§	460	428	9.50	Bugge Eind A/S
Lond & Nthn Grp	81†	84	71½	90.11	Demerger Two
McCorquodale	315*	340	258	161.45	Norton Opax
Municipal Props	£34.73§§	£34½	£34½	16.81	Merivale Moore
Natnwide Leisure	77½*	76½	77	8.3	Inspec E. & E. Grp
Newbold & Burton	91½	91	60	3.85	Black (P.)
Nottingham Brick	384§§	380	363	41.47	Marley
Sarasota Tech	138	130	107	24.37	Peek Hldgs
Tenby	265	263	217	46.60	Emess Lighting
Thermax	182	183	175‡‡	21.18	Heywood Williams
Utd Tst & Credit	532‡§	518	470	13.06	Somportex
Wettern Bros	160§	154	173	1.90	RMC

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 20/2/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Alexander Hldg	Sept	379	(251)	1.7	(0.6)	0.71	(—)
Arncliffe Hldg	Oct	252	(275)L	4.4	(—)	1.6	(0.1)
Assoc Energy	Sept	6	(439)L	—	(—)	—	(—)
Bank Leumi (UK)	Dec‡	1,600	(1,050)	—	(—)	12.4	(11.2)
BP	Dec	1,779,000	(1,816,000)	—	(—)	35.0	(34.0)
Berisford S. & W.	Sept	148,300	(52,964)	30.1	(21.3)	12.0	(10.5)
Citygrove	Nov	715	(220)	9.5	(2.2)	1.5	(—)
Crest Nicholson	Oct	16,620	(12,540)	15.0	(12.0)	4.75	(4.15)
Debron Invest	Dec	1,380	(—)	—	(—)	0.5	(—)
Egerton Trust	Dec	1,030	(168)L	5.1	(—)	1.75	(0.2)
Noble Grossart	Jan	2,650	(2,440)	—	(—)	8.5	(7.96)
Padang Senang	Sept	124	(148)	1.5	(1.8)	1.1	(1.1)
Questel	Dec	1,170	(1,090)	16.5	(15.0)	4.75	(—)
Ward Holdings	Dec	8,970	(4,670)	42.5	(18.8)	8.27	(7.25)
Wettern Bros	Dec	184	(87)	10.1	(4.3)	—	(1.15)
Yorkshire Bank	Dec	68,700	(44,800)	—	(—)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abaco	Dec	2,130	(151)	0.1	(0.05)
Abingworth	Dec	65	(219)	—	(—)
AC Holdings	Mar	655	(32)L	—	(—)
Amer Electronics	Dec	1,500	(835)	0.35	(0.35)
Authority Invests	Oct	446	(82)	—	(—)
Dalgety	Dec	42,600	(35,600)	6.0	(5.5)
Excalibur Jwllry	Oct	21	(113)L	—	(—)
Goodhead Print	Nov	892	(524)	1.25	(1.0)
Herrburger Brks	Nov	64	(99)	—	(—)
Intereurope Tech	Dec	801	(596)	2.0	(1.8)
Media Tech Intl	Nov	916	(1,020)	1.0	(1.0)
Photo-Me Intl	Oct	6,050	(4,100)	2.0	(1.75)
Plessey	Dec†	45,100	(41,300)	2.38	(2.07)
Polypipe	Dec	1,620	(876)	1.02	(0.55)
Peachey Prop Cpn	Dec	4,330	(5,340)	4.0	(3.5)
Ricardo Consltng	Dec	927	(1,260)	1.0	(1.0)
Ryman	Nov	179	(81)	—	(—)
Sigmex Intl	Dec	386	(333)	—	(—)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share, except where otherwise indicated. † Third quarter figures. ‡ Net profits. L Loss.

RIGHTS ISSUES

Widney—One for four rights issue for £750,000.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Hewetson—USM placing 24.4 per cent of the company's shares at 70p.
Hobsons Publishing—Stock market placing of 890,000 shares at 250p.
Prism Leisure Corporation—USM placing of 1.06m shares at 120p.
Sinclair-Goldsmith—Placing 3.5m shares at 90p.

هكذا من الأصل

Japanese flood in

"THIS IS WHAT a bull market is supposed to be—sit back and enjoy it," says Lynn Elgert of the Elgert Report in Grand Island, Nebraska. "Relax and enjoy the ride," adds Bert Dohmen-Ramirez of the Wellington Letter from Honolulu, Hawaii.

"When the time comes for stocks to rise, no amount of bearish fundamentals can keep them down," is how Bob James, the editor of Top Timer Review

Wall Street

in Miami, encapsulates the viewpoints of the leading retail investors' newsletters which he follows.

After the past six weeks, in which the Dow Jones Industrial Average has risen by an average of 11 points for every trading day, it takes a stubborn and courageous bear to argue with this assessment. Expressed in the annual rates beloved of US statisticians, 11 points a day works out roughly 350 per cent annually.

Obviously, that *furious* pace is unsustainable for ever—and yet everything "obvious" about the present market has turned out to be completely false. In fact, after digesting each successive *rally, the market shows* no clear signs of slowing, as demonstrated on Tuesday this week by another record points gain.

As every hint of a retrenchment turns out to be a buying opportunity of the most lavishly profitable kind, it is hardly surprising that there are virtually no bearish voices left on Wall Street.

For the very few persistent bears who still have the courage to stick their heads above the parapet, there is no mystery about such contradictions. The "low rent crowd" is finally stampeding into Wall Street, says Eliot Janeway, the dean of Wall Street bears, who has been waiting for a crash almost since the day the market started *rising five years ago.*

However, the real evidence of the aproaching market top, according to Janeway, lies not in the enthusiasm of small-time punters from Florida or Nebraska but in the even lower quality of investment flooding in from an even more benighted part of the world — Japan. That the Japanese are going to be this year's biggest US equities buyers is now an *article of faith.*

Of course, most analysts do not share Janeway's view that the Japanese are the kiss of death for any market they enter —and, in particular, that Japanese equity-buying is the other side of an ominous selloff by foreigners in the bond market which is ultimately going to send interest rates skywards and the US economy crashing into recession.

On the contrary, the signs of Japanese buying have provided all Street with a fool-proof *rationalisation for an endless* bull market when all other explanations fail. Day after day, equity traders report that foreign buying, especially of the blue chip stocks, has powered the market's advance; and it is certainly notable that the Dow and the S&P 500 have performed much more strongly throughout the present rally than the broader-based indices, which cover smaller companies with little foreign interest.

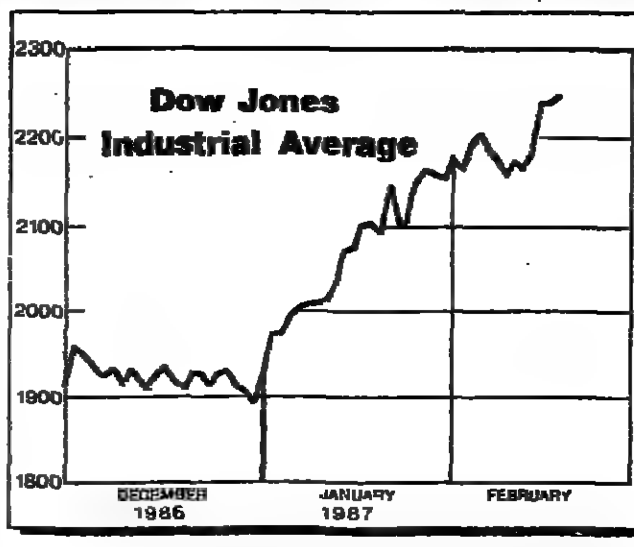
When Laszlo Byrinyi of Salomon Brothers estimated this week that 45 per cent of the net buying in an average session this year has taken *place in the first 30 minutes of* trading, this was taken as another strong indication of massive money flows across time zones.

What makes such international buying so exciting is that the foreigners — especially the Japanese — have virtually unlimited supplies of savings with which to chase US stock prices ever higher. Even more *importantly,* the daily new records being hit by the Tokyo stock market make Wall Street, even at its present heights, look like a bombed-out bargain.

The average price earnings ratio on the Standard & Poors 500 is just over 15, compared with a P-E of nearly 50 on the *Nikkei-Dow. And even in Euro*pean markets, P-Es tend to be much higher than on Wall Street.

Thus, while acknowledging sagely that the Japanese market has lost touch with reality, it is easy for analysts to argue that US stocks remain extraordinarily undervalued compared with the rest of the world's markets. In the economic theoretician's fantasy-land where currencies have stabilised and international capital flows have brought some kind of long-term equilibrium to all financial markets, it is certainly arguable that stock valuations around the world might tend to converge.

But none of this logically suggestes that US stock prices must go on rising towards the Japanese levels. Maybe all it means is that, when the crash finally comes, it will be that much worse in Japan.



MONDAY	CLOSED	
TUESDAY	2237.49	+54.14
WEDNESDAY	2237.63	+00.14
THURSDAY	2244.09	+06.46

Anatole Kaletsky

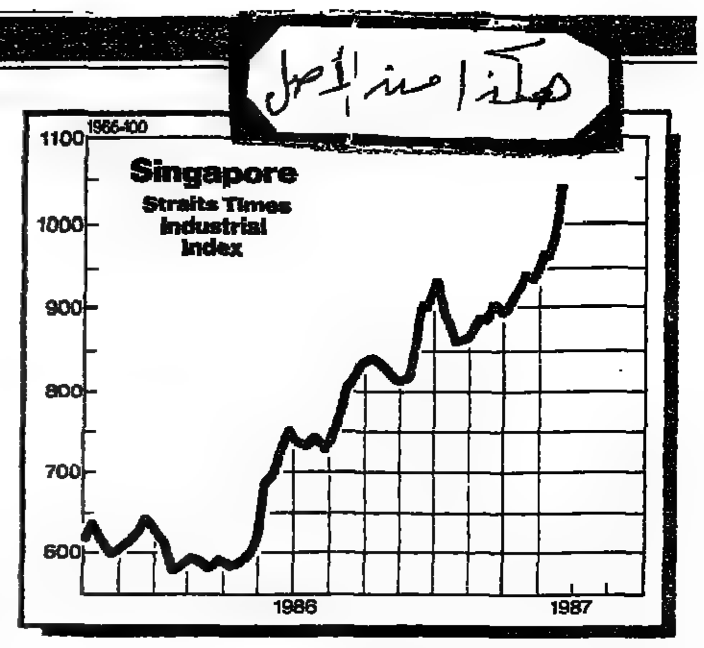
Rabbits make merry

FEBRUARY is an unfortunate time to write about Asian stock markets. One must contend, inevitably, with the new annual animal on the Chinese zodiac.

This year it is rabbits, and everyone knows what rabbits do. Sure enough, the Singapore stock market has taken its cue and is multiplying like crazy.

Indeed, some stock analysts have seen their predictions for the year fulfilled in the first three weeks of the lunar calendar — and that, of course, raises the question of what is left for the rest of the year. Most observers are predicting the Singapore stock market will *finally join most other bourses* around the globe and touch a new record in the coming weeks. In fact, just a little hop and it will be there.

The Straits Times index yesterday closed at 1,062.21, just 10 points shy of the all-time high of 1,071.9 three years ago. The market eased after that record and crashed at the end of 1985 as the collapse in the property market and the slowdown in manufacturing and *services* devastated corporate profits and *brought along major bankruptcies.*



The failure of a number of broking companies, and the consequent evaporation of confidence in the trading system, caused the market index to plunge to 564 in April: but since then the market has seen a steady series of jumps forward as integrity was restored to the trading system and the economy began to respond to government tax cuts and other stimulent measures.

The rally in recent weeks has been led by Malaysian counters listed on the Singapore exchange. Malaysia was a bad-news story last year with commodity prices plunging, a severe austerity budget by the Government, and major corporations going bust.

Now, many analysts figure the worst is behind. Palm oil prices have doubled, tin is up, and the rise in petroleum prices is good news for the whole economy. This should boost the profits of Malaysia's plantation companies and has set the stage for faster-than-expected growth.

The board reorganisation last week at Multi-Purpose Holding, the investment arm of the Malaysian Chinese Association, seemed to symbolise more broadly that a lot of dead wood had been cleared away, and investors reacted with enthusiasm.

The improved commodity prices translate directly into a better balance of payments — about half a billion Malaysian dollars for each US dollar increase in oil prices, according to one analyst — and that means more cash available. Interest rates can fall without adding to pressure on the currency, and capital flight has been reduced.

However, at least as important as local money in the present rally is foreign institutional money. Brokers are watching many of their big clients skim *off profits in Tokyo and look* for new places to invest. Between the high value of the yen and the relatively small size of the Singapore market, a little goes a long way.

Increasingly, investors are looking for ways to cash in on the economic boom in the

Singapore

Pacific Rim, but the stock markets in the larger economies of Korea and Taiwan are mainly closed. That leaves Singapore as a prime beneficiary of the Far East investment trusts that have become popular in England and the US — again, with the impact exaggerated due to the market's small size.

Price earnings ratios based on historical earnings have pushed up to a very high 37, but that is a bit deceptive since it is based on 1985 and early 1986 earnings when Singapore was in the midst of a deep recession. Most estimates of a PER based on present earnings fall at about 30, and for 1987 earnings the ratio goes down to 25.

Corporate profits had an easy ride last year, since most earnings growth came from cuts in taxes. Analysts expect more of that momentum to carry over to 1986 and Singapore always benefits when commodity prices rise, since it is the service centre for South-East Asia.

Some analysts say Singapore blue chips are, in the main, fully valued. Still, this has not been a good season for pessimists. The value of anything in tiny Singapore depends heavily on what happens elsewhere in the world. If the world's major economies keep printing money at present rates, some of it is bound to find its way to Singapore.

Steven Butler

Struggles to survive pay off

THERE IS life yet in the grand old mining companies. It might sometimes be a struggle to find the high-grade seams in what looks like a lot of waste rock but it can be worth the effort.

One man who is trying is Dr Norman Keevil Junior, president of the expanding Canadian company, Teck, who has recently taken charge of his Vancouver neighbour, Cominco. Teck last year led a three-company consortium which bought a *31 per cent stake in* Cominco and put Keevil in charge as chairman of the board.

Founded 80 years ago, Cominco had fallen on hard times, with the interest payments on its C$1bn debt (as it was at the end of 1985) squeezing profits mercilessly.

Keevil was in London this week for a conference organised by Toronto stockbroker Dominion Securities in order to explain how he was going to sort out Cominco.

He started by showing how, early in the 1980s, Teck had cut its own debts, not because of any foresight in predicting how long the recession in base metals might last but because it felt uncomfortable with high interest rates. Disposals brought down borrowings at the same time as investment in new mines, including the 51-per-cent owned C$275m Bullmoose coal mine and in the half-owned Teck-Corona gold mine at Hemlo, which cost C$90m. As a result Teck shares have risen threefold in the past three years.

Keevil suggested that Cominco presented a similar proposition, although on a much larger scale. The previous management had already taken steps which would reduce debt by C$450m to $560m once sales of non-core assets, including West Kootenay Power, were completed. The 1987 plan was to reduce loans by a further C$250m. Possible sales include Cominco's fertiliser business.

Teck and its partners, West Germany's Metallgesellschaft and Australia's MIM Holdings, do not intend to neglect investment. Keevil stressed they plan to go ahead with Cominco's Red Dog mine in Alaska. And Cominco's shares have climbed to over C$16, compared with a low last year of $10.50, since he took charge.

Phelps Dodge, meanwhile, is an old company which has turned itself around with no help from outside. Robert Durham, who took over this month as chief executive officer from George Munroe, tells a story of debt-cutting and cost-reduction

Mining

which has become something of a legend in the industry. Earlier this month, Phelps Dodge, which was in serious trouble three years ago, announced 1986 profits of US$61.4m net, against $29.5m in 1985.

The company is still not paying dividends but it does have a reputation for being the lowest-cost US producer, as well as being the largest. The shares are probably as good a way as any of investing in any marked recovery in copper prices—although few people are predicting that at the moment.

If proof was needed, the difficulties of being dependent on one metal are amply illustrated by Inco, the Canadian nickel group. Inco has done more than most to cut costs in response to falling prices. Productivity in terms of the amount of metal produced per manshift has risen by 65 per cent since 1980. But it has been enough only to keep the company's head above water. Last year, the group just broke even with a US$200,000 net profit — a paltry return on shareholders' funds of nearly US1bn.

Inco does have an exciting investment in a gold project at Casa Berardi, in Canada, in a joint venture with Golden Knight Resources, an affiliate of Teck. The partners announced this week that they are starting an underground exploration programme. A decision to mine could come soon.

Inco must be wishing it had had the time and money to invest in gold sooner, like fellow nickel producer Western Mining. Western this week announced interim net profits for the 28 weeks to end December of A$27.41m, up from *A$25.18m. Gold production rose to 179,767 ounces from* 165,002, and further increases are on the way. There seems little doubt that the company's nickel mines at Kambalda, Western Australia, could have closed down if gold had not been found there.

Sydney stockbroker Potts West Trumbull is forecasting that the group's annual gold output will rise to 550,000 ounces by 1988-89, including output from its giant mine at Olympic Dam which is 51 per cent-owned in a joint venture with BP.

*Unlike some smaller com*panies, Western says little about its prospects until they are close to production. But Australian brokers say it has one of the best lists of pro*jects of any group.* Two new mines—Emu Mine and Lady Bountiful, in Western Australia —have come onstream this year. Lady Bountiful recently announced increased ore reserves.

Placer Development saw the opportunities in gold faster than almost anyone outside South Africa. This week, the group announced 1986 profits of C$70.3m net — almost double those of 1985. The figure includes a C$90.1m net profit from the flotation last year of 21.4 per cent of Placer Pacific, the group's Australian associate. This was offset in part by a C$45.9m write-down on North American oil and gas properties, the legacy of a drive into energy which has so far proved far less successful than precious metals.

Trading on a multiple of about 40 times historic earnings, Placer shares are not cheap. But they do offer a chance to invest in three of the most exciting projects around —Misima Island and Porgera, *in Papua New Guinea, and Big* Bell, Western Australia.

Stefan Wagstyl

Janet Bush on the cheering economic background to this year's Budget

Fortune shines on Lawson

BRITISH INTEREST rates remain stuck at a level far higher than those in most other major industrialised countries. This is despite last year's dramatic fall in inflation, a steadier sterling exchange rate and a broad measure of confidence that the Government can win a third term in office.

On the face of it, much has come right for the Chancellor of the Exchequer, Nigel Lawson, in the weeks leading up to his budget on March 17.

Manufacturing industry seems to be going through a revival, exports are picking up solwly but surely, unemployment figures are coming down and the healthy state of Government finances should allow Mr Lawson to produce a budget to win both the confidence of the financial community and the voters.

The arithmetic suggests that the Chancellor may have as much as £4bn to play with in the Budget.

The City believes that he will opt to cut taxes and also lower his borrowing target for the next fiscal year. Such a formula — combining generosity and prudence—is likely to have a favourable effect on confidence in financial markets and perhaps allow scope for a small reduction in interest rates.

Growing optimism about the Chancellor's ability to deliver all three was summed up in the comment by one senior official recently that "Mr Lawson is a very lucky man."

The Government finds itself in this enviable position because of the unexpected strength of tax revenues. Lower oil revenues because of last year's collapse in world oil prices had been expected to make a severe dent in the Government's finances.

But lower revenue from this sector has been more than compensated for by a surge in Value Added Tax receipts, associated with the consumer boom in Britain's high streets, and etremely buoyant corporation tax receipts now feeding through after the last two years of bumper profits.

This happy state of affairs has also allowed the Chancellor to cover the increased public spending which he announced in the autumn.

As the Budget draws nearer, an unusual measure of agreement has been reached by the forecasting community about what the Chancellor has up his sleeve and the pressure will be on Mr Lawson to produce at least some surprises to maximise the favourable reception to his Budget.

A cut in base lending rates and then a reduction in mortgage rates would certainly be a tempting option but there are many warning voices about taking this course. The key argument against a cut in interest rates is that the economy is already growing satisfactorily and needs no further stimulus. Indeed, the major concern is that this growth is accompanied by increasing inflationary pressures.

The Bank of England made clear its reluctance to sanction lower interest rates last Thursday. Money market dealers had at last started speculating seriously about a Budget-time base rate cut and the closely watched three-month inter-bank sterling rate dipped well below the 11 per cent base rate level.

But the Bank swiftly moved to rebuff these hopes by lending to the market at an 11¼ per cent interest rate for seven days.

The Bank believes that the underlying rate of inflation is running at an annual rate of 4 per cent and is likely to edge higher later this year.

Higher oil prices have increased inflationary pressures in the economy while at the same time sterling's relative weakness has meant no offsetting reduction in the prices of other imports.

There is also a great deal of concern about the fast growth in money supply and bank lending, as well as the stubbornly high level of pay settlements in British industry, which have not responded nearly fast enough to lower inflation. Another major concern is the surge in borrowing by individuals.

Tim Congdon, chief economist at L. Messel & Co, and one of the leading voices in the City warning about a build up of inflationary pressure in the economy, asked in a recent paper, "Why is so much fuss made about the 'Budget judgment. Is it really all that important how much money the government decides to 'inject' or 'withdraw' from the economy?"

He compares talk of a £1bn cutback in public borrowing next year with the staggering £33bn borrowed by the personal sector mostly to buy houses, in 1986.

The boom in bank lending and consumer credit could threaten a build up of higher inflation. "If we want to know what will happen to the economy in 1987 and 1988, we should watch the behaviour of private sector credit more carefully than marginal changes in the fiscal position."

Pastures new

THE SEARCH by unit trust groups for new delicacies to tempt investors continues. There are two main routes. Both venture into new pastures or repackage existing products in a new way.

Edinburgh Fund Managers, one of the smaller groups with a good investment track record, has decided to use its experience in the Far East to launch a fund that will invest in markets as yet hardly accessible to the Western world.

Its Pacific Basin fund will deliberately exclude Japan and concentrate instead on other markets in the area, which is claimed to have the fastest expansion of economic growth in the world.

Some of the money will go into familar markets in Hong Kong, Australia, Singapore and Malaysia. But a proportion will also go into untapped countries, like Korea, Taiwan and the Philippines.

Investment manager Mike Balfour admits that in the case of Korea you can only buy into the stockmarket at present through domestic investment trusts and convertible bonds. But he believes that with the Japanese becoming less competitive as a result of the higher value of the Yen, the export push will in future come from neighbouring countries in the region whose economies are likely to boom.

Bearing in mind the volatility of some of these markets (just look at the performance of Hong Kong, Malaysia and Singapore over the past few years) this is not a fund for widows and orphans. It is, in EFM's view, a "lock away" fund for long-term investing. Minimum investment is £500 and the offer price 25p a unit.

Moving into possibly even more uncharted waters is the Mediterranean fund being offered by Lombard Odier of Jersey, part of the Swiss-based investment group whose London subsidiary will act as investment manager.

Although grouped under an unfamiliar umbrella, the markets to be invested in are reasonably well known—Spain, France, Italy, Portugal and Greece (with only a small proportion of the portfolio going into the last two). But a real novelty is that the fund is using European Currency Units as its base currency.

MIM Britannia is also moving into pastures new, with a French Growth Trust, which it claims is the first authorised UK trust of its kind.

Alison Powell, who has been appointed as investment manager of the new fund, claims that France is set to be Europe's most rewarding stock market in 1987—a view shared by many other fund managers.

Units are on offer at 50p during the three-week launch period starting February 21.

Alison Powell

Turning to new packaged products, Scimitar—part of the Standard and Chartered Bank group—has decided to launch a unit trust portfolio management service. Open to investors with £10,000 or more, the fee for the service will be a flat £150, irrespective of the size of the portfolio.

Scimitar already has five unit trusts of its own, but the idea of the new service is to create a portfolio of unit trusts, selected from the market as a whole rather than just the in-house stable. It is guaranteed that no more than 50 per cent of the money invested will go into Scimitar trusts.

J. E.

Labour controls

PRIVATE INVESTORS can sleep undisturbed. Roy Hattersley, shadow Chancellor of the Exchequer, has no intention of re-introducing exchange controls or stopping anyone from buying a holiday property overseas.

Speaking to the Personal Finance Editors Association this week, Hattersley made clear that any future Labour government would not try to restrict or control overseas investment by private citizens. "There is no question of individuals having to record £50 in foreign currency in their passports, as in the past," he added.

Hattersley said that re-imposing exchange controls would be impossible in these days of advanced technology since, during the time lag between any announcement being made and the actual controls being implemented, all the "hot" money would already have gone overseas.

What a Labour government would do to encourage financial institutions to invest more in the UK would be to offer tax "incentives" — basically, threatening to withdraw the existing tax concessions to institutional funds if they continued to invest overseas instead of switching money into the domestic market.

Since private citizens did not enjoy directly those tax concessions given to institutional funds, they would be free to do what they liked with their money, including buying an appartment in Spain.

There was, however, cold comfort for investors in Personal Equity Plans (PEPs). Hattersley said a Labour government would remove all tax concessions—effectively killing the whole idea. He claimed that PEPs represented a tax handout to richer people and abolishing it would save money.

Instead, Labour would promote wider share ownership by improving schemes enabling all employees, not just directors, to take a stake in the companies for which they worked, with full voting rights for the equity held.

J. E.

John Edwards reports on a new mortgage package for people over the age of 50

Mid-life joy

TAKING A mortgage out when you are over 50 years old can be a tricky business. The repayment term tends to be rather short and the premiums on any linked insurance policies rather high.

So Berry Birch and Noble, the financial services group, this week unveiled a special package called the 50+ plan. Essentially they are offering to provide interest only mortgages to the over 50s, with no fixed repayment period. The capital is repaid only on the eventual sale of your property.

Several advantages are claimed for the scheme. Before retirement, since you are not repaying capital or endowment policy premiums, you should be able to keep your mortgage at a high level to ensure you receive the full tax relief at a time when your income is near its peak.

Money saved by not repaying capital can be invested for your best advantage, notably to boost your pension. By retaining a mortgage after retirement, and not repaying the capital, you are in effect using some of the equity on your property to increase your available capital while continuing to be eligible for tax relief on the interest payments.

In addition, by maintaining a mortgage you reduce the amount of Inheritance Tax that may become payable if you die. If you take out a home loan that qualifies for tax relief, the rate of interest is 12.25 per cent—in line with the standard rate charged by the clearing bank providing the quota of mortgage funds. The rate is 0.25 per cent higher at 12.50 if you are borrowing for a non-qualifying purpose, such as buying a holiday or retirement home.

There are no special charges, like having to take out an expensive insurance policy to cover the loan. However, Berry Birch and Noble do link the mortgage scheme with the provision of other financial services on how to invest your extra capital available, tax planning, making a Will, and private medical and household insurance at preferential rates.

Money-centre, who announced last week that it was offering home loans with an annual interest rate of only 10.50 per cent, confirm that the source of funds is not the Royal Bank of Scotland as mistakenly stated. It is, in fact, a variation of the Bank of Scotland stabiliser plan. Under this plan you pay only 10.5 per cent mortgage interest during the first three years, but the interest rate used to calculate the amount you owe is somewhat different. It is either 1 per cent above the Bank of Scotland's existing home loan rate (currently 12 per cent) or 2 per cent over the bank's base rate (11 per cent).

So in both cases your interest liability would currently be 13 per cent.

However, the difference between 13 per cent (or whatever the rate may become in future) and the 10.5 per cent fixed rate is capitalised on a monthly basis over the three-year period. So if the bank's home loan or base rate, with the additional premiums, remains above 10.5 per cent the capital size of your original home loan is increased accordingly. Alternatively if the home loan or base rate, plus premiums, falls below 10.5 per cent then the capital size of your loan will be reduced.

Plan manager	Initial charge	Annual charge	Dealing charge	Investment	Projected value after 3 yrs	10 yrs
LLOYDS MANAGED	1% of contribution (Unit Trust 5% less 3% discount)	1% of fund value at year-end	0.20% *	Lloyds Units and equities from list of 30	£3,010	£5,410
PRUDENTIAL MULTIPLAN/ EQUIPLAN	Waived	2% of fund value at year-end*	0.20% assumed	20 equities and 1/6th into Holborn units	£2,962	£4,902
FIDELITY SHARE PLAN	5%	1.25% of fund value	0.20%	Between 5 and 8 equities with 1/4th into Growth and Income Units	£2,856	£5,036
N. M. SCHRODERS STANDARD PLAN	5%	1.25% of fund value at year end	0.20% assumed	Up to 1/4th to Schroders Units and up to 4 *equities*	£2,861	£5,042

* Annual charge for first year deferred until end of second year.
The unit trust management charges (usually up to 1% + VAT) have been ignored for the purposes of this comparison.

Source: Deloitte Haskins and Sells.

A choice of charges

THERE ARE several different ways of choosing a Personal Equity Plan (PEP). You can assess the track record of the plan manager. But of course past performance in unit trusts or large share portfolios is not necessarily a guarantee of success with a totally new product that has a lot of restrictions and deals with small amounts.

Freedom of choice is another deciding factor in choosing a PEP scheme. Do you want to play safe with the widest possible spread or put your eggs into one particular basket?

However, the most obvious comparison of the many PEP schemes on offer is to look at the costs and charges involved. This is more easily said than done, since there are quite often unknown or hidden charges.

There is in any event a variation in basic costs, ranging roughly from 5 per cent initial front load charge (plus an annual management fee) used by most of the unit trust groups to the much lower levels charged by the clearing banks (notably Lloyds).

It is acknowledged that quite small differences in charges, and taxation, have a discernible effect on the average performance of separate groups of funds like unit trusts and investment bonds.

So chartered accountants Deloitte, Haskins and Sells, decided to try and find out just how much the charges affected the theoretical investment return of different PEP schemes, assuming an even growth (capital and income) performance of 10 per cent per annum. The results were published this week in Moneybrief, a new digest of news and information produced for the group's personal finance clients.

Deloittes apparently found "extreme difficulty" in defining the exact amount of charges involved, which could be made in addition to the annual fees. In the end it compared the impact of charges made by four leading plan managers, based on the maximum lump sum of £2,400 being invested at the start of three-year and 10-year periods.

It found that after three years the projected return between Lloyds Bank (with the lowest charges) and Fidelity (with the highest) was £154, some five per cent, and this widened to £460, nearly nine per cent by the end of 10 years.

However, it should be borne in mind that the investment performance of the individual plan manager is the crucial factor and Deloittes admit that dynamic growth in the early years of a PEP can have a dramatic effect on the longer term performance of a scheme.

Guard against faulty issues

THE RECENT spate of issues from Banbury-based sponsor, Capital Matchmaker—some of which appeared to breach the law, including one which was disowned by its purported solicitor—highlight a continuing problem for Business Expansion Scheme investors. How can they guard against badly conceived and inadequately documented issues?

Two of the Capital issues have had happy endings. The offers by Kephasian Leisure and Hardwick Breeding and Racing have been withdrawn and the money returned to investors. Sadly, there is no guarantee that all will always work out so well. So does the investor have to become an expert in company law to spot the flaws in the fine *print of a prospectus?*

At present, all prospectuses must be lodged with the Registrar of Companies, which checks to see that they comply with the registration requirements. Although the vast majority of issues do meet the law, when there are mistakes the Registrar expects them to be corrected. However, a problem with the Capital issues was it took a long time for the Registrar to receive the prospectuses, after many investors had paid their money.

Ensuring the probity of the sponsor is not easy. The main problem is that the sponsor's role is not really defined in legislation. Anyone who makes a secondary market in shares needs to be a licensed dealer in securities; but issuing a prospectus is not by itself defined as dealing in securities. If it were, that would create problems for the many companies, like Acorn Hardwoods, which sponsor their own issues.

That seems to leave sponsors in a kind of regulatory limbo. Although the current legislation will eventually be superceded by Part Five of the Financial Services Act, the Department of Trade and Industry has not yet reached the stage of consultation on the proposed regulations. So any new code could be some time in coming.

In the meantime, investors will have to keep on their toes. As Steven Rowe of BES Investment Research puts it, "the role of the sponsor is crucial in ensuring that the investor's long term position is protected and it is in the public's interest that the sponsor should himself be subject to specific controls."

It seems particularly important that investors should be aware that sponsors' advice is not as objective as it might be—in the light of the substantial share options they are often granted. A straw poll of recent issues shows that two sponsors—Smith & Williamson Securities for Cavendish Constructors and Pointon York for the Black Horse Brewery—had no options at all. But the majority did, including Baltic Asset Management, which has warrants on 10 per cent of the equity of Barbican Health and Fitness, and Capital Ventures, which has rights to a similar proportion of Chester International Hotel.

However, Baltic and Capital Ventures can only exercise their options if the share prices of the BES companies have advanced sufficiently to give investors a decent return. Guidehouse Securities, when it sponsored Inn Trade Associates, was given the right to around 7 per cent of the enlarged share capital at the issue price.

It can be argued that management should be given share options or so-called "golden shares" to give them the incentive to make the company succeed. But why the sponsor? All of them charge a front-end fee (usually 5 per cent of the issue raised) and then management fees in succeeding years. They have a duty to ensure that their companies keep within the rules, if only from self-interest, since their reputation might be affected if the companies fail. Incentives in the form of share options seem superfluous.

Sponsors argue that they must make their money somehow—if they did not take out options they would have to increase their fees, which would provoke even fiercer criticism. But excessive option agreements should be a real point of concern for BES investors. Since many schemes fail, the profits of those which succeed should not be creamed off by the sponsors.

The establishment of some kind of industry norm seems overdue. Robin Boyle of the broking firm Stancliffe feels that BES issues should be required to meet the same standards as those set by the Third Market. "Sponsors should be given a year to clean up their act. If they don't, then the Stock Exchange should move in and impose rules on the the market," he maintains.

Until then, investors should still be able to protect themselves by judicious reading of the prospectus.

As the BES has yet to run for five years, there is no track record which investors can check to see whether schemes with generous management and sponsor terms do better than those without. But for the moment, investors should make sure that they go into such schemes with their eyes open.

Philip Coggan

Baltic: limbering up for business

Taxation tactics

THE TAX concessions offered by Personal Equity Plans (PEP) could make them superior to a 10-year qualifying endowment policy if held for the same length of time, according to Blick Rothenberg & Noble, a London firm of accountants.

It points out that in an insurance endowment scheme, income and gains in the general fund are subject to tax at 35 per cent and 30 per cent respectively. In a PEP, they "*roll up*" *tax free and* the fund should, therefore, be able to achieve a better performance.

In addition, your money is not locked away for such a long period.

In view of these advantages, the company believe investors should consider favouring a PEU over an endowment policy as a medium-term savings plan, particularly suitable for school fees.

However, the big disadvantage of PEPs as a savings plan is that there is no certainty of a guaranteed return, as is provided by a with-profits endowment policy. If the UK stock market were to collapse, as some investors think could happen after the long boom period, PEP schemes with their restricted investment base could be one of the worst sufferers.

There is also the possibility that a change of government at the general election might result in the tax concessions offered, or the whole PEP scheme itself, being scrapped.

On the other hand, the Wider Share Ownership Council is lobbying the Chancellor for changes in the PEP scheme to be included in this year's Budget to make it more attractive for the original target—first-time small investors.

The council believes the tax relief now provided by PEPs is "immaterial for small savers." It wants income tax relief in PEPs limited to the basic rate and, perhaps, confined to monthly savings.

John Edwards

David Lascelles sees signs of central debt registers

When credit is due

HOW WOULD you feel if your bank manager required you, as a condition for giving you an overdraft, to sign an agreement entitling him to report the facility to a central credit registry where details of all your borrowings (credit cards, HP, etc) would be kept and totted up?

Probably rather indignant. You expect your bank to keep your financial affairs confidential. And such an arrangement might seem to you the financial equivalent of "1984."

Nothing like this is likely to happen in the foreseeable future. But there are signs that the banks are beginning to consider pooling more information about their personal borrowers on a limited scale, and they have begun to float a few trial balloons. Barclays Bank, for example, is currently running an advertisement which discusses the virtues of central credit registries such as they have in the US.

Seymour Fortescue, a general manager of the bank, says these registries "are a proven way of reducing debt problems for both lender and borrower," and he indicates that Barclays is taking steps in this direction.

What is prompting the banks to look more seriously at something they have previously vigorously rejected is the alarming rise in personal borrowing in the UK. Increasingly they are accepting the view that one of the reasons behind it is an individual's ability to borrow from a large number of different lenders at the same time: credit cards, shops, banks, finance houses and so on—and run up massive debts.

If there was only a central registry, the reasoning goes, where someone could keep an individual's total borrowing, then lenders would be much less likely to extend credit to a person already deeply in debt.

But sensible though this sounds, it is fraught with practical problems. One is confidentiality. Although banking secrecy is not protected by statute in the UK (as it is in Switzerland, for example), there is enough case law to make a customer confident of winning damages if his bank makes an unauthorised disclosure of his financial affairs. The way round this problem would be to build a waiver into the loan documentation to authorise the bank to report details of a loan to a credit registry.

But what details should be reported? Banks distinguish between "white" information, which means all loans made, and "black" information which covers only cases of default or excessive arrears. Clearly, for a registry to work effectively, banks would have to report both types of information. However, at the moment the clearers are only inclined to report "black" information. Lloyds Bank, for example, is about to begin reporting debts of over £200 in cases where it believes its relationship with the borrower has effectively been ruptured.

Quite how much further they go, and how fast, is a matter of vigorous debate within the banking community. Derek Wanless, who heads the consumer banking division of Nat-West, the UK's largest clearer, says his bank will never report "white information" because of client confidentiality. But Barclays seems to be further down that road, partly, it appears, because it has in Barclaycard by far the largest credit card business of any of the clearers.

The banks' deliberations are being closely observed by the Finance Houses Association, the trade group of companies which advance instalment credit (and include, as it happens, many clearing bank subsidiaries). The large majority of the FHA's members report all "white" and "black" information to a couple of credit registries, and the FHA itself has been pressing the banks for years to join their scheme.

"It's very important and extremely successful," says Basil Damer, the FHA's Director-Secretary. "But we believe there should be one national credit registry into which everybody feeds information." Damar dismisses the banks' concerns about confidentiality and says "If people want to borrow they must realise that lenders need credit information about them."

Now that building societies have acquired the right under new legislation to make personal loans as well, their co-operation in a credit registry would also be needed to make it effective, especially since they also have information about the largest financial commitments taken on by individuals: mortgages.

However the societies are still some way from addressing this problem. Mark Boleat, the secretary general of the Building Societies Association, says it has not come up for discussion at the BSA, though some individual societies are looking into it.

Seymour Fortescue, of Barclaycard

Mike Fearnsides, marketing manager of the Halifax, the UK's largest building society which has just announced a new programme of personal lending, says his society's loan application forms include a disclosure authorisation. But the Halifax has not yet decided whether to supply information to a credit registry. "We guard very jealously our customers' confidentiality," he said.

The National Consumer Council has yet to make up its mind about whether a national register is needed. The council sees both sides of the problem: the need to identify people who are in danger of building up large debts, and the obligation to respect customer confidentiality.

The issue is to be one of the major debating topics at next April's Consumer Congress in Liverpool which will be addressed by Michael Howard, the Trade Minister responsible for corporate and consumer affairs.

Developing experience

IF THE EXPERIENCE of banks is anything to go by, investing in emerging (or developing) countries would seem a risky business to say the least. Yet two well known and highly successful western world financial organisations are getting together in launching a $60m fund to do just that.

The fund, called Templeton Emerging Markets, has as its investment manager, Templeton, Galbraith and Hansberger—a company that attracted considerable attention and a lot of financial support when it applied successfully for a listing on the London Stock Exchange early last year. Mr Templeton is one of the international investment gurus whose reputation has not been shattered in the same way as some others recently.

Merrill Lynch Capital Markets is leading the group of underwriters supporting the offering of 6m shares at $10 each in the Emerging Markets Fund, which is to seek a listing on the American Stock Exchange.

The new fund is not seen as a charitable means of increasing investment in emerging countries. Its objective is long-term capital growth. During the ten years to December 1984, the emerging countries in which the fund plans to invest have an average growth rate in the gross domestic product of 4.85 per cent compared with the average of 2.4 per cent for all industrialised countries.

Under normal conditions at least 75 per cent of the Fund's total assets will be invested in emerging country equity securities. But initially the fund will consider investments only in 42 out of the 95 countries, designated by the World Bank as having low or middle income economies.

The 45 countries, listed as suitable for investment include China, Hong Kong, India, Indonesia, most of Latin America, and nearer home Greece, Portugal and Yugoslavia.

Altogether it is estimated in these countries there are currently over 6,000 securities listed with a total market capitalisation of $150bn. This compares with over 15,000 companies, with a capitalisation of over $5,500bn, on industrialised countries stock markets.

John Edwards

A carrot for the wary

THE UK equity market continues to perform well and is looking attractive to investors. But just around the corner is the general election and the possibility of the return of a Labour government.

The market is not showing any reaction that it expects Labour to win the election, or that a future Labour government would automatically be bad for the market.

However, leading mutual life company Clerical Medical is getting the message from certain intermediaries that some clients are holding back from investing in UK-based unit trusts simply because of fears of the possible election result.

So Clerical Medical's unit trust arm—Clerical Medical Unit Trust Managers—is offering all new investors in its three UK-based trusts—Equity High Income, General Equity or Pedigree Growth—the facility to switch on favourable terms into certain overseas funds—Japan, European, American and International Income.

Each investor who buys units in the UK trusts at any time from now to September 1, 1987 (or the day the election is announced if earlier) will be given a warrant to switch into these overseas funds. Providing the units have been held for four weeks, the investor completes the warrant and Clerical Medical will execute the switch immediately on receipt of the warrant. The switch will be on a bid-to-bid basis, with the 1.25 per cent switch commission paid wherever appropriate.

The switch warrant can be exercised any time until polling day or the end of this year, whichever comes first. The maximum total of free switches is £25,000 and the managers reserve the right to withdraw the offer once £5m has been invested in the trusts.

Eric Short

Investor's Tales

No joy in Japan

Buying shares in the Far East can have problems . . . Kevin Goldstein-Jackson resumes a series

UNIT TRUSTS specialising in Japan have performed pretty well in recent years. For example, £1,000 invested in Wardley Japan grew into £1,894 in only one year and a similar investment in Allied Dunbar Japan turned into £1,739.

However, I tried a direct investment in Japan instead. This proved an educational *experience, which I would* be reluctant to repeat.

Japanese shares all seem to me to have ludicrous price earnings ratios. The recently floated Nippon Telegraph and Telephone Company has a p/e of over 130. Even Japanese banks (a number of which have large outstanding loans to South American countries) are priced at well over 50 times earnings, whereas the Royal Bank of Scotland, which has limited overseas loan exposure and could also possibly be a takeover bid candidate, has a p/e of less than 8.

Therefore, any company in Japan in which I invested really had to have something "special" to attract my interest and overcome my fear that what could rocket upwards could just as quickly plummet downwards.

It was in June last year when I became aware of Kuraray, a Japanese chemical and pharmaceutical company. It had a high p/e, but this seemed almost justified as it had developed and was testing a new drug against liver and lung cancer.

I asked my stockbroker if he could buy some shares in Kuraray for me. He did, purchasing 1,000 shares at 895p each, charging the then standard commission rate of £126.23.

It would *not* have been possible for me to have purchased less than 1,000 shares as the Japanese stock market for some strange reason clings to the old fashioned "board lot" system where the minimum number of shares that can be dealt in is 1,000.

Another difference between Japan and the UK is that settlement in Japanese shares must be made within five working days.

Then came an unexpected difficulty. My broker telephoned and asked: "Where in Japan do you want the shares held?" I had not realized that the Japanese insist that all shares in Japanese companies must be held in Japan.

Why did the Japanese insist *on this: was it so that it would* be easier to confiscate physically share certificates owned by foreigners should Japan fall on "hard times?"

To comply with this requirement, I hastily telephoned my bank manager who agreed that Lloyds would hold the shares for me in their account with the Bank of Tokyo in Tokyo. This *arrangement cost me* £27.18 (comprising correspondents' cable charges of £4.03 and their handling charge of £12.10; the bank's cable charge of £7, VAT of £1.05 and the bank's fee of £3).

Despite these charges, Lloyds expected me to sign a statement which read: "I agree that any stocks, shares, bonds or other securities now or hereafter held by *your agents abroad or* by their nominees to your order on my behalf are so held at my risk and without any responsibility on your part."

It seemed to me this meant that if a bank clerk in Tokyo ran off with my share certificate I would not receive any compensation. I therefore added the words: "other than for negligence or fraud by your agents and/or their nominees" before I signed the statement, and Lloyds accepted this.

The next problem in buying shares in an obscure Japanese company is that the only way you can find out what is happening to the share price is to ring a broker, which is not as easy as simply looking at the share price in the FT.

Kuraray shares then started a fairly rapid decline. Why? Again, unlike buying shares in a British or even an American company, there appeared to be no cheap and readily available daily publication in English that included reports on small Japanese companies.

I therefore "chickened out" and sold my Kuraray shares at a loss in September. Lloyds Bank charged a further £26.75 for cable, handling and delivery charges relating to the share certificate.

I do not begrudge Lloyds their fees as it is time consuming dealing with such Japanese complications. But why do the British not insist that all Japanese shareholders in British companies should also have to follow the same costly rigmarole?

Guilty secrets

IF YOU have an attack of conscience, how do you reimburse the Inland Revenue for unpaid tax without revealing your identity?

That was the question *posed in an anonymous letter* from a reader, whose conscience evidently didn't go as far as confessing.

"It is almost *certain*," the letter said, "that the Inland Revenue cannot ever detect that I underpaid tax by some £5,000 in the financial years from 1980 to 1982. I now want to reimburse the debt anonymously, but how can I do so?

"Payment by cheque would identify me and cause trouble. Payment by Treasury notes would be too bulky and the need to insure would eliminate privacy. Have you a solution to my problem, please?"

The obvious answer was to ask the Inland Revenue. The question came as no surprise—this kind of thing happens quite often. A born-again Christian recently sent the Revenue a set of Lowry prints, apparently bought with ill-gotten tax gains.

Anonymous gifts of this kind obviously can't be formally acknowledged, but the Revenue is prepared to play *ball and accede to requests* to provide some form of indirect acknowledgement, like an advertisement in a specified publication.

The money is paid into the consolidated fund, but a record is punctiliously kept in case the culprit is subsequently unmasked and claims to have paid already. Not *surprisingly, the Revenue says* that the best course is to make a clean breast of your crime. But if you really don't want to reveal yourself you could try using a *third party*, like a Swiss bank, which the Revenue cannot force to reveal your identity.

Alternatively postal orders are untraceable, if somewhat costly for large sums.

John Edwards

Look before you buy

Dina Thomson provides some tips on the best ways to acquire shares

THE STOCKMARKET might seem an appealing haven for your money. But as there are now a variety of places through which you can deal in stocks and shares, you *should* look carefully at what is on offer, particularly if you intend to maintain a fairly "active" account, concentrating on short term trading.

If you do not have a stockbroker, your bank may seem the obvious answer, as many have links with brokers or offer a sharedealing service linked to a specific account.

Some banks, such as the Midland, offer free counselling and say it is easy enough for the customer to buy shares through the bank, which then uses either its own broker, Greenwell Montagu, or other members of the stock exchange to carry out the transaction.

Midland, like the other *clearers, also offers* a high interest cheque account which could be useful for anyone interested in share dealing. The account has an advantage over other such accounts in that withdrawals are unlimited as long as the balance stays above £2,000—the minimum required to open it.

Interest paid on this account is a net 7.45 per cent up to £9,999 and 7.70 per cent over £10,000, competitive with other high interest accounts or so-called "money market" accounts, where the interest rate can fluctuate daily.

Lloyds offers a specific account linked to share dealing, launched on Big Bang day last year. It provides customers a means of buying and selling shares at a fixed rate of commission at any branch. Deals are effected through a panel of 24 brokers.

Share deal customers can also open an instant access high interest cheque account for share dealing and receipt of dividends, with no minimum deposit. An overdraft facility on this account is possible, at a negotiated rate of interest. (Lloyds usually charges between 3 per cent and 7 per cent over base rate for its negotiated overdrafts.)

The high interest cheque account offers an interest rate of 7.3 per cent, but if the balance drops below the normal minimum of £2,500, the interest rate slides to 4.99 per cent.

Be warned, however, of the restricted number of "free" withdrawals on a high interest cheque account before you incur a penalty. Lloyds allows you just three withdrawals a quarter (and these include use of Cashpoint or a transfer) after which you are charged a hefty 50p each time.

Lloyds at least places no restrictions on the value of your *cheques, while Barclays* demands that further *deposits* on its "Prime Account" must be at least £250, and the other clearers have restrictions on the number of "free" withdrawals you are allowed.

The reason for the charge on withdrawals is the expense to the bank of the paper-based cheque system. Both inflows *and outflows into your account* add up to administrative costs for the bank which render your account less lucrative—particularly in view of the higher interest rate offered—than it might otherwise be.

National Westminster has avoided the problem by making its "Special Reserve" account high interest, with no cheque *facilities. Instead,* existing customers, or those willing to become regular current account customers, can opt to have a high-interest facility alongside their current account, and transfer money back and forth from both accounts as needed.

While most of the clearing banks do not yet offer a satisfactory interest-earning account that can be used for share dealing, Phillips & Drew, the stockbrokers, offer an account through their licensed deposit taker, Phillips & Drew Trust, which seems to be a step in the right direction.

An opening balance of £2,500 earns "money market" rates, and was recently offering 7.94 per cent net. All subsequent balances above £1,000 continue to earn interest, but if the balance falls below £1,000, you earn nothing.

You are allowed any number of withdrawals, and *on* a clear balance, may buy stocks and shares through Phillips & Drew, which offers a 24-hour "no-frills" service.

Those interested in specific accounts intended for share dealing should also consider what were until recently unlikely entrants into the field. Building societies, now aggressively competing with the banks on many fronts, may be edging ahead when it comes to establishing special links for share dealing.

Bristol & West was the first society to take advantage of the new powers available to it under the Building Societies Act. In October it announced plans to link up with stockbrokers Laing & Cruickshank, eventually offering a wide-ranging number of investment and broking services throughout the B&W branch network.

Laing & Cruickshank simply operates under its own name in B&W branches. Since the launch of the B&W scheme, however, other societies have come up with specific accounts linked to share dealing.

Both the Anglia and National Provincial offer a service for buying and selling stocks and shares which is tied to a money management account offering a tiered interest rate structure.

The Anglia scheme is in conjunction with stockbrokers Hoare Govett, and makes use of the facilities of Dealercall, a Hoare Govett subsidiary. An *Anglia Stockbroker Line account* can be opened with a minimum investment of £1,000, and you have to maintain a balance of £250 at any time.

Money in your Stockbroker Line account earns interest until the settlement date of any purchase, an important feature as you may find, in dealing directly with brokers, that money held by them for you independent of a building society does not always earn interest.

Both the Anglia and National Provincial give you cards which then allow you to deal in other branches. National Provincial has just 12 pilot branches in the north of the country at the moment, but plans to expand *nationwide on May 1.* The northern office of Allied Provincial Securities executes your deals, and in the next few months you will be allowed to give your dealing instructions by telephone.

Eric Short examines new private pension plans

The great divide

PENSIONERS in the UK can be divided into two separate nation — those relying solely on the State and living at or below the poverty line; and those with a company pension who have a lifestyle bordering on the affluent.

The 1986 Social Security Act is intended to give every employee the opportunity to end this divide by having some form of private pension in addition to the basic State payment.

The question for employees is which route to take. Do they go straight to making their own arrangements through a personal pension? Or do they first try to persuade their employer to set up a company pension?

Much has already been written on the new-style glamorous personal pensions that start in April next year, and even more will be heard as that date approaches. But far less has been said about the more mundane aspects of the Act relating to company pensions.

Yet, the Act itself, together with changes in tax approval by the Inland Revenue, have made it much easier to set up a company pension scheme—in particular, an industry-wide arrangement about which the Social Services Secretary, Norman Fowler, has been so enthusiastic.

One major disadvantage of final salary company pension schemes is that mobile employees lose out every time they change jobs. A money purchase scheme, under which the accumulated value of the contributions is used to buy a pension at retirement, might not provide employees with the guarantee of a final salary scheme—but it does enable an employee to identify pensions savings and provide full portability when changing jobs.

There are many reasons why some employers have so far not set up company pensions, but one important factor, particularly for smaller companies, is the expense and problems of administration, particularly when an employee changes jobs. An industry-wide scheme, run by a life company or some other central agency, can be the answer for all concerned.

Employers generally are unenthusiastic over industry-wide schemes because they fear cross-subsidising competitors; are worried that rivals would get access to sensitive information; and are concerned that they would not have complete control over their own plan.

The new-style industry-wide schemes launched by the Save & Prosper Group for the bus and coach industry, and by Prudential Assurance for the printing industry, put these fears to rest.

The standard format for an industry-wide scheme provides that:

- Each employer has control over his own particular scheme within the wider format with regard to the amount of contributions paid. This can be on a level basis or vary according to age and employment status of workers.
- Records, administration and investment are maintained centrally. Negotiations with the Inland Revenue and other bodies also are handled centrally.
- When an employee changes jobs to another member firm in the scheme, his account is simply moved over.
- Tax-free lump sum payments and spouses' pensions are incorporated, at no cost to employees, should they die while still working.
- Facilities are provided for employees to make extra contributions.

Why is an industry-wide scheme preferable to personal pensions for employees, and to in-house schemes for employers? The answer is cost. As well as easing administration problems, the saving in expenses allows the life company to offer a higher unit allocation. Save & Prosper, for example, increased its investment allocation by the 3.5 per cent expense charge.

However, it also offers employees the chance to build up the savings from which to buy a pension in a much more straightforward manner than the complex arrangements being devised for personal pensions. In particular, an employer can provide the bulk of the contributions towards those pensions savings in an easier manner than under a personal pension.

Admittedly, the employee has little choice in his investments — those in the Save and Prosper scheme are confined to the managed pension fund. In practice, though, most employees taking out personal pensions are very unlikely to use the investment choice and will stick to managed funds.

One major marketing feature in personal pensions is certain to be the use of the contract to secure a pension mortgage for the employee. So, the Save & Prosper scheme has a pension mortgage facility with two financial institutions.

At present, there are only a few industry-wide pension arrangements in operation and one swallow does not make a summer. Life companies, pension consultants and consulting actuaries have a massive marketing task ahead of them to sell the concept to employers and their trade associations. Employees can help by asking their employers about their plans for April 1988.

Home to tax snags

EXPATRIATES

THOSE OF us who spend the whole of our working lives in Britain expect our pensions to be fully taxed after retirement. After all, the funds which pay them are entirely exempt from taxation and the contributions of both employer and employee attract full relief.

But if you retire to the UK after a lifetime overseas, you will have enjoyed no such subsidy from the British Treasury and might reasonably expect that your pension will be treated rather more favourably.

In some cases, this expectation will be met in full measure and in others, not at all, these two extremes being the boundaries of a somewhat bewildering diversity of tax treatment.

The most unfavourable situation arises if you worked overseas for a British company, your pension being paid either by the home pension fund or directly out of profits. For you are then in no better position than your colleagues who worked in the UK throughout since your pension is fully taxable. Only pensions payable from an overseas source receive favourable treatment.

In earlier years, UK residents with overseas pensions paid tax on them only to the extent that the monies were brought to the UK—ie they were taxed on the remittance basis. Consequently, to the extent that the pension was spent overseas on holidays and so on, it avoided UK tax altogether. Unfortunately, the abolition of this valuable concession was one of the measures announced by Edward Heath in his "unacceptable face of capitalism" speech in 1973.

However, the remittance basis survives for a favoured few — residents of the UK either not ordinarily resident or not domiciled here. The former category is very small since it encompasses only those who stay in the UK is not likely to exceed three years. On the other hand, foreign domiciliaries resident in Britain are far more numerous. They are not permanent residents either, although they may remain for many years, retaining their overseas domiciles by reason of their intentions to return ultimately to their homelands. Some British subjects born abroad who are second or third generation career expatriates and whose fathers or grandfathers settled overseas, might well be entitled to this treatment.

But for most former expatriates drawing pensions from abroad, the remittance basis is a thing of the past and their pensions are taxable whether brought to the UK or not. However, the virtual abolition of the remittance basis was accompanied by some mitigation; pensions denied the former treatment attracted a one-tenth exemption instead, with the other nine-tenths taxable in the normal way.

Any foreign social security pension to which you become entitled as a result of contributions paid while working overseas will qualify for this relief. But if the country concerned was one with which Britain had a reciprocal agreement relating to social security matters, your foreign contributions might give rise to a fully taxable British state pension — which would be fully taxable.

Responsibility for the payment of many former colonial pensions has now been taken over by the British Government as a result of which the right to the one-tenth exemption has been lost. However, an exception is made for pensioners or their widows who were living in Britain and drawing their pensions before April 6 1973. But it is important to realise that this special relief applies only to the basic pension and not to payments under the various Pensions (Increase) Acts which now tend to be the greater part of the total.

Some UK residents are in the enviable position of receiving pensions totally exempt from British tax. Many will have paid dearly for this special treatment, including those whose pensions are to compensate them for Nazi persecution.

But perhaps most fortunate of all are the former employees of the EEC. Like the staff of most international organisations, their salaries are exempt from national taxes but they enjoy total exemption on pensions too.

The same treatment is accorded to some UK residents whose pensions derive from overseas service to foreign governments with whom the UK has a Double Taxation Agreement. Of these, former employees of the governments of Malawi, Trinidad and Tobago and Zambia continue to enjoy this exemption, although their pensions are now paid by the British Government itself.

Even though you may not be one of the favoured few entitled to a tax-exempt pension, if your pension rights arise from service which was very largely overseas, commutation proceeds — without limit — will escape tax altogether.

Donald Elkin

Bonded copies

THREE West Country companies are offering a special service to holders of pre-revolutionary Russian bond certificates who want to claim compensation from the Russian Fund set up recently by the Foreign Office.

George Beale, of West Somerset Manufacturers, based in Minehead, said that a printing technique called photo-etching can be used to make an exact cop of each certificate. The copy is etched on an aluminium plate which can then be framed.

The idea is that bond-holders can keep the copy as a momento and then send the original to Price Waterhouse, the accountancy firm, to claim money from the fund. Price Waterhouse won a contract from the Government to handle the claims.

Beale said the process would cost about £30 per certificate, plus about £20 for a frame, depending on the size.

Beale's company has pooled its resources with two other local photo-etching operations. They can be contacted via Fasteck Products, Crewkerne, Somerset on 04606 3707.

Nick Bunker

FINANCE & THE FAMILY

Weighty rules set to confuse

Eric Short reports on the incomprehensible rule book just issued by the Securities and Investments Board

THE SECURITIES and Investments Board (SIB), the body intended to operate the financial services legislation, has at last produced its rule book on how investment business will be conducted in accordance with the 1986 Financial Services Act.

Though it affects all investors —*the purpose of the legislation* is to protect the individual when he or she invests hard earned money — it is very doubtful whether anyone will be prepared to wade through the book, *which weighs more than 4 lbs.*

It is written in legal language because it has the status of a statutory instrument, so it is virtually incomprehensible. Secondly, it runs to literally hundreds of rules spread over many pages.

But it covers all aspects of operations of all investment companies, from the largest merchant bank to the one-man-and-a-girl insurance intermediary in a small provincial town.

All of them will have to read it, or at least have it explained to them.

The message is at last getting through that the 1986 Financial Services Act applies to everyone in the investment business, not just the financial institutions in the City of London. *The SIB has a girl doing* nothing else but answer enquiries from firms on if and how the act affects them.

Once SIB is up and running, it intends to publicise what financial services means to the public, while the Department of Trade and Industry will be publicising it to financial industries.

A central role in the monitoring procedures will be played by a firm's auditor in completing the required financial returns. The accountancy bodies plan to conduct nationwide seminars for accountants, explaining their role and responsibilities to clients in complying with the legislation.

However, the main concern of the public is likely to be how to make complaints and how will they be compensated if their investment firm goes broke or absconds with their money.

The legislation will only work if there is an efficient complaints service. Here, SIB has had to revise its original proposals.

Ideally, the complaints service should be organised so that all investment firms have to belong to an Ombudsman service, with the Ombudsman's decision being binding on the firm.

However, the act does not allow SIB to do this. Neither, apparently, does it allow the original watered down proposal that all firms would have to belong to an Ombudsman system even though the Ombudsman's decisions would not be binding.

Therefore, SIB now proposes that membership of an Ombudsman scheme would be voluntary on firms. But the decision of the Ombudsman on member firms would be binding, at least on sums up to £100,000.

This is the system the Insurance and Banking Ombudsman systems operate, though the limit for the Banking Ombudsman is £50,000.

To cover complaints against firms not in an Ombudsman system, SIB is setting up an independent investigation system. Firms would have to belong to the system and fully co-operate with the investigator. But his recommendations would not be binding on them.

As far as the consumer is concerned this is a serious flaw in the complaints procedure. If a firm refuses to accept the recommendations of the investigator the only recourse is to *take the firm to court.*

In theory, the recommendations of the investigator could be used as evidence, thus strengthening the case of the complaint. In practice, most *people would avoid a court* action as being costly and time consuming.

SIB has no alternative but to wait and see how the system works. It hopes that it can persuade the vast majority of firms to join an Ombudsman scheme and that those firms which opt out would accept the recommendations of the investigator, if only to avoid bad publicity.

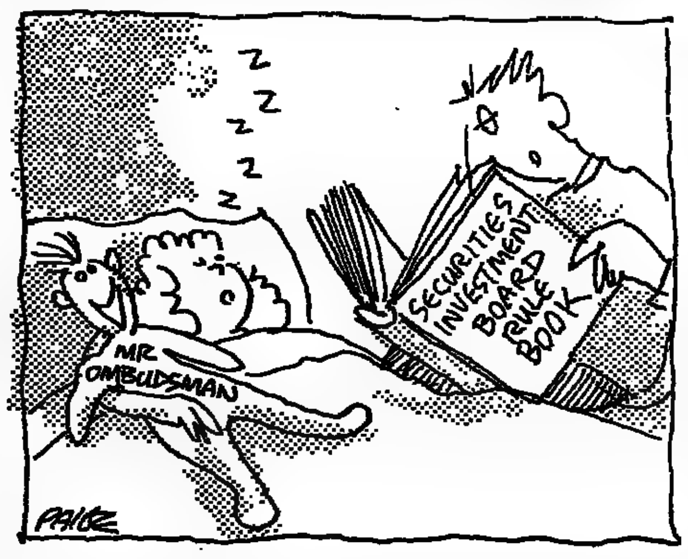
SIB is maintaining the structure of its compensation scheme. *Investors will get the first* £30,000 of their money paid in full and 90 per cent of the next £20,000.

The only change is the method of financing. The self-regulatory *organisation where the failed or* defaulting firm is a member will meet the first part of the cost up to a certain level before involving the other SROs.

So life salesmen will not bale out stockbrokers and vice versa, unless the amount involved is large.

The rule book has now gone to the Department of Trade and Industry and the Office of Fair Trading. So you must now read it with a view to understanding how it affects your business, rather than to seek changes.

Copies of the rules, costing *£25 (£35 overseas)* can be obtained from The Securities and Investments Board, 3 Royal Exchange Buildings, London EC3V 3NL.



Price of excess

MOTOR INSURANCE premiums have been escalating over the past couple of years for a variety of reasons. The insurance companies, to help keep down costs, are offering reductions in the premiums if the motorist is prepared to meet the first part of any claims.

This is known as an excess. For example, if the motorist has a £50 excess and submits a claim for £500, the insurance companies pays £450 — the motorist having to pay the first £50.

Many insurance companies are now putting compulsory excesses into their motor insurance cover in an effort to contain premium rises, such as a compulsory £75 excess on any driver under a certain age.

All will be well until the motorist is involved in an accident which is demonstrably not his fault. *He still has to pay* the excess and then claim the amount from the other party involved in the accident.

All too often, however, the other party ignores the demand *and the guiltless motorist either* accepts the loss or is forced to take legal action.

However, the growth of legal expenses insurance in recent years has seen these insurance *specialists offering their services.* They help the motorist to recover these excesses and any other uninsured losses and expenses such as car hire charges while the client's car *is out of action.*

Insurance companies imposing compulsory excesses are easing the burden by offering motorists the option of access to these legal services, the latest *being the leading motor insurer* Royal Insurance (UK).

Motorists have to pay extra for this service—Royal is charging £7.50 a year for each car. But this is far less than the higher premiums which the motorist would have to pay for full cover.

Eric Short

BRIDGE

I FOUND today's two hands interesting and instructive. The first comes from a rubber of *high standard:*

N
♠ A 7
♡ A 10 7 5 2
◇ 9 8 5 3
♣ 9 7

W
♠ J 8 4 3
♡ Q 9 8 6 3
◇ A 4
♣ 6 2

E
♠ K Q 10 6 5
♡ K J
◇ K 2
♣ J 10 4 3

S
♠ 9 2
♡ 4
◇ Q J 10 7 6
♣ A K Q 8 5

With East-West vulnerable, South dealt and opened the bidding with one diamond. North replied with one heart, and East overcalled with one spade. The opener rebid two clubs, *West raised his partner* to two spades, and North jumped to four diamonds. South was tempted to pass, but eventually said five diamonds, and this was followed by three passes.

When West led the three of spades, prospects were not bright. Winning with dummy's Ace, the declarer cashed Ace *and King of clubs, and followed* with the Queen. West ruffed with the four of diamonds, dummy overruffed, and the declarer then cashed dummy's Ace of hearts, ruffed a heart in hand, and ruffed a club on the table.

After ruffing another heart in hand, South led his established eight of clubs, discarding the *seven of spades.*

East ruffed with his two of diamonds and returned the King of spades. This was ruffed with the eight of diamonds on the table, and the nine was led. *This brought forth the diamond* King from East and the Ace from West.

Excellent dummy play. The declarer had hoped for a 3-3 break in clubs, but when the suit broke unkindly, he spotted the possibility of clashing the enemy trump honours. When you contract for 11 tricks on a combined total of 20 points, you have to play well.

The second hand is from teams-of-four:

N
♠ A
♡ 9 2
◇ A Q J 9 7 5
♣ A 9 8 2

W
♠ J 10 9 6
♡ 3
◇ 10 3 2
♣ K Q J 7 6

E
♠ 7 4 3 2
♡ J 8 7 5
◇ 8 4
♣ 10 5 4

S
♠ K Q 8 5
♡ A K Q 10 6 4
◇ K 6
♣ 3

North dealt with both sides vulnerable, and bid one diamond. South forced with two hearts, and North rebid three diamonds. South said three hearts, North raised to four, and now South introduced a Blackwood four no trumps.

After his partner's response of five spades, South jumped to *seven hearts.*

West led the King of clubs. South smiled happily. He won with dummy's Ace, and cashed Ace and King of hearts. West *failed*—South ceased smiling. He crossed to the Ace of spades and ruffed a club, crossed to the Queen of diamonds and ruffed another club. He overtook his King of diamonds with the Ace, *and continued with the Knave. If East discards,* South throws his low spade, and now East will be subjected to the trump coup. But East had counted South's hand—he knew he must have started with four spades—so he ruffed. The declarer overruffed, but he had to lose a spade trick.

Careless play by South, who was usually a good performer. He should cash the Ace of spades at trick two, ruff a club in hand and a spade on the table, and cash Ace and King of hearts. The 4-1 split is revealed, but South is in complete control. He runs diamonds; now the trump coup works inexorably. If West ruffs a diamond, South overruffs, and makes the rest; if West discards, South throws all his spades, and the coup works at trick 12.

E. P. C. Cotter

• FINANCE & THE FAMILY •

Selling a second home

Some years ago my wife inherited a property *in* **the Lake District which we have** *been using* **as a second home. As our years advanced, we have found it more and more difficult to look after it and realise that in a few years' time we will reluctantly have to sell it.**

Our problem is Capital Gains! The house was valued at £29,000 at probate about 10 years ago, and now should be worth about £70,000.

Our permanent home **is** ***the*** **one we elected for our domicile and we do not intend to sell** ***this.*** **We wonder if it is advisable to change our elected domicile to our Lake District house! If we do this, how long would we have to wait until we could sell it without having to pay Capital Gains?**

It is a pity that you have missed our *published replies to broadly* similar questions, over the years. At least you would have known that a free pamphlet, entitled Owner-Occupied Houses is obtainable from tax *inspectors' offices: ask for* pamphlet CGT4. We have criticised this pamphlet — because it *oversimplifies* the intricate rules, for example — but it is quite useful as a starting point.

It certainly looks as though you and your wife should give notice to your tax inspector that her Lake District house is to be *treated* as your main residence, with effect from two years before the date of the notice. When the Lake District house is eventually put up for sale, you should jointly give a *further notice (on the day of* the sale contract) that your present house is to be treated as *your main residence with effect* from two years before the date of that notice: the solicitor who acts for you in the sale will be able to guide you through the CGT maze. The estate agent who acts for you will be able to give you an estimate of the market value of the house at March 31 1982, for the purpose of indexation relief, and to negotiate that value with the District Valuer, if need be. The cost of ascertaining the March 31 1982 value will be deductible in calculating the gain for CGT purposes (unless by chance that value proves to be less than the probate value).

Suppose, for illustration, that (a) the previous owner died on December 31 1976, (b) the market value at March 31 1982 was £50,000, (c) the cost of ascertaining that value is £100, (b) you give joint notice on January 31 that the house be treated as your main residence since January 31 1985, (e) the house is sold by contract dated July 31 1989 for £70,000 net after expenses, (f) on that day you *give joint notice* that your present house be treated as your main residence since July 31 1987, and (g) the *RPI for July* 1989 is £430. The chargeable gain would then be £14,331:

2,953/4,595ths of (£70,000—£29,000—£100—37.2 per cent of *£50,000*) = *£14,331.*

Equity in a flat

My son, aged 23, who has been ***living and working*** **in London for about two years, intends to buy a flat for about £45,000 on a** ***building society mortgage.*** **He has no capital to use as a deposit but I am in a position to help him in this.**

If I was to provide say 15 per cent of the purchase price, would it be possible for me to be made the legal owner of 15 per cent of the value of the flat, and would such an arrangement make me eligible for possible capital gain to compensate me for providing capital free of interest.

It would not be possible to make you legal owner of 15 per cent of a flat or house, but you can be given *an entitlement which* the law will recognise by using the device of a trust for sale. *This would require* your *son* and another person (who could be you) to be made joint owners *in law with a declaration of* trust under which the beneficiaries would be your son (85 per cent) and you (15 per cent). Alternatively you can lend the money on a second mortgage, but you would need to charge interest (which need not be paid until sale) instead of having a stake in the capital appreciation of the property.

Arbitrary rules

Can the tax deducted from a straightforward deed of covenant be reclaimed by the trustee of the grandchild (ie me) in a situation whereby the grandparent has paid no tax during the year on her earned income but has paid more than sufficient tax on building society interest received net ie, the non reclaimable composite rate tax. I understand that such tax is ordinarily not reclaimable but can it be used as tax paid in such circumstances?

Oddly enough, the rate of tax paid to the Inland Revenue by the building society in respect of the grandmother's interest *does not* enter into the question. There should be no problem provided that the gross amount payable *under the deed* in each year does not exceed the net amount in that year.

This rule is to be found in section 343 (3) (d) of the Income and *Corporation* Taxes Act 1970, as amended: "the amounts so paid or credited (and no more) shall, in applying section 52 and section 53 of this Act to other payments, be treated as profits or gains which have been brought into *charge to* income tax." There is a similar rule for bank interest subject to composite rate tax, *in paragraph* 4 (1) (c) of schedule 8 to the Finance Act 1984. The gap between the composite *rate* and *the basic rate* is likely to continue to diminish particularly after 1988-89 (because of section 26 (4) of the Finance Act 1984), so it is to be hoped that these arbitrary rules will be put onto a *rational* basis within the next year or two.

Strength of a promise

I recently married **a farmer's daughter. My wife's father lives in a detached house on the farm. There is also the original farmhouse which is derelict and an adjoining cottage which my wife's brother lives in. My wife wants to live at the farm and her father has said if we refurbish the original** ***farmhouse we can live in it*** **for the rest of our lives rent free. He is old and rather stubborn and says his** ***word is*** **good enough.**

What would our legal rights be ***if*** **after his death my wife's brother wished to charge us rent or sell the property, after us investing in the property's refurbishment and living in it for several years rent free?**

You would have a right, supported by the equitable doctrine of estoppel, to continue to occupy the property rent free during your father-in-law's life. It may however prove difficult to establish the same right against your brother-in-law unless you can show that he has notice of the arrangement. It would be wise to write both to your father-in-law and to your brother-in-law recording that you are refurbishing the property on the strength of the promise that you can live in it rent free for your joint lives (and the life of the survivor?), and you should keep copies of the letters.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

When tax is not payable

I refer to the question on January 3 headed "A £40,000 question." I believe the answer ***given is incorrect in that it*** **relates to the rules that were applicable under the Capital** ***Transfer Tax regime and not*** **the current Inheritance Tax Rules.**

The implication given in your answer is that the donor will pay tax if the £40,000 worth

of gifts takes him over nil rate band whereas the true situation is that the gifts will be classed as PETS (potentially exempt transfers) and no tax will be payable at all provided the donor survives seven years ***from date of transfer.*** **The level of previous transfers and the proposed transfers only** ***come into account in the*** **unfortunate event of the donor not surviving the seven year period.**

We agree that the gift in question would have classified as a potentially exempt transfer—a euphemistic way of describing a potentially taxable transfer. We assumed that the enquiry was directed to whether the transfer could be seen as securing exemption, and we are grateful for your comment.

Janet Marsh previews an unusual sale at Sotheby's

Bestiary for buffs

THE RICH bestiary that emerged from the English potter's delight in image-making affords endless possibilities for the collector. There are people who specialise exclusively and happily in cats, dogs, lions, cows or sheep in clay. Sotheby's next sale of British pottery and porcelain (on February 24) includes a good cross-section of ceramic zoology, ranging from fish and swans on 18th-century delftware to a pug, a monkey seat and a near life-size heron guarding an umbrella stand.

Usually, the liveliest animals are found in pottery rather than porcelain. The makers of the more expensive ware tended to take their inspiration from pretty Oriental or European models. The often-anonymous potters, whose wares were hawked for sale mostly by pedlars and market traders, supplied a clientele that wanted colourful and jolly images to ornament their chimney pieces.

Clearly, they like representations of familiar domestic animals. Stiff, comical cats with staring eyes and painted whiskers were already popular in the 18th century. One notable breed was made by the London delftware potters in the second decade; then, around the middle of the century the model was imitated by the new masters of Staffordshire pottery in variegated, so-called "agateware." These felines, decorated by John Astbury and his followers with slip clays of various shares, or by Thomas Whieldon and his school in coloured clays pressed together in the manner of marble cake or humbugs, are among the star turns of English pottery.

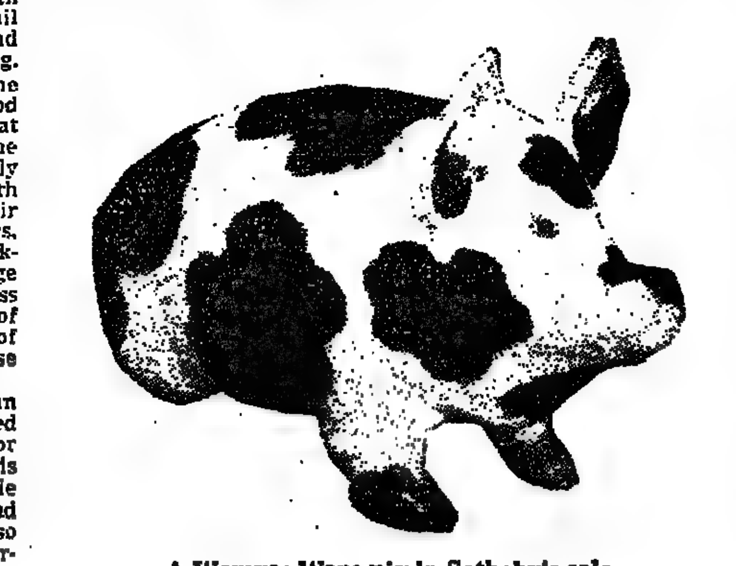
Later in the century, the Wood Family of Burslem introduced new techniques for colouring and enamelling pottery more brilliantly, and the bestiary bred apace. Domestic animals still proliferated: the Arcadian taste having filtered down the social scale, sheep and lambs, sometimes attended by bonnetted shepherdesses, excelled in popularity. Cows generally made their appearance as "cow creamers," milk jugs in the form of a cow with an opening in the back, a tail which served as a handle, and an open mouth for pouring.

Horses are much rarer, the finest breed being the large and handsome stallions produced at the Leeds Pottery late in the 18th century. Pigs were entirely ignored: not until the 20th century did porcines make their appearance in English ceramics, with the rotund creatures recklessly decorated with cabbage roses or clover at the Wemyss factory. Sotheby's has several of these in its sale: the largest of them will probably realise around £1,000 each.

From Tudor to Georgian times, blood sports provided spectacle and entertainment for the populace; and the chase is commemorated in innumerable pottery groups of game and hunting dogs. Ceramics also provide evidence of the persistence of two of the nastier forms of blood sport, bear and bull baiting.

Bears had been brought to England for the purpose since the 12th century. In Tudor times, the bear gardens on Bankside drew such crowds that Shakespeare's theatres had to be closed on baiting days, while moralists complained that the poor left their families starving while squandering their halfpennies on the sport.

Officially, these sports had died out by the early 18th century. The potters give the lie to this. Sotheby's has three saltglaze jugs in the form of baited bears, their fur simulated with little chips of clay. The earliest dates from around 1740 and shows a roaring animal clutching a small dog. The other two date from the early 19th century — showing that the sport was still familiar to the potters and their customers.



A Wemyss Ware pig in Sotheby's sale

Obadiah Sherratt, an image potter with a flair for the spectacular and dramatic, seems to have produced a fine bear-baiting group in large numbers and several formats right into the 1830s. Usually, these Sherratt groups depict a powerful bull battling with a dog, having already tossed another dog and trampled a man.

Sherratt also modelled two more of the most prized Staffordshire animal groups — now generally to be seen only in museums. One showed the unfortunate Lieutenant Munro being devoured by a tiger at the behest of the Indian ruler, Tippoo. The other is a very amusing facade of Polito's Menagerie. Polito was from 1810 to 1817 the proprietor of the popular Menagerie at Exeter 'Change in the Strand; but the Staffordshire group shows his travelling tent show, with a huge painting of an elephant over the entrance.

Victorian Staffordshire enriched the bestiary notably. Alongside the ubiquitous spaniels were almost every kind of domestic animal and a new range of menagerie beasts, including zebras (which were clearly fun to paint) and giraffes, which came into fashion when the London Zoo acquired a fast-breeding family in 1838.

The Staffordshire potters also commemorated the melancholy death of Ellen Bright, the Lion Queen, who was mauled by a lion to which she had unwisely taken a whip while appearing in a cage with him and a tiger. The beasts sometimes took their revenge.

Jackpot for delft

BRITISH CERAMICS is perhaps the most sedate of all the fine art markets—and currently the most bizarre. In the last decade prices have moved gently upwards overall, not in line with inflation but not seriously below. Yet certain categories of British ceramics have done amazingly well—mainly those which were traditionally regarded as naive, unsubtle, unattractive and of only historic interest.

While the finest 18th century porcelain has marked time, 17th and early 18th century pottery, such as delft, has hit the jackpot, fuelled by a small group of rich American buyers who see in it the same rough, unaffected appeal of American folk art. Just to bemuse refined aesthetic porcelain collectors even more, brash late 19th and early 20th century ceramics has also spiralled in price, bought by decorators for its splashy impact.

The problem has been that the basic market is of mainly British collecting interest. Americans, and a few Australians, are prepared to bid keenly for rare and attractive pieces of Chelsea, or early Worcester, but the run-of-the-mill factories are of appeal to small committed coteries. There is also a great scarcity of items and the traditional collector has often lost passion for the chase. The salerooms hold many fewer auctions now than a decade ago.

Next week, however, Christie's is busy on Monday and Sotheby's on Tuesday. Sotheby's expects its highest prices, around £10,000 or over, for each of four Delft Royal Portrait chargers, produced around 1685 and depicting Charles II and his Queen, his brother James II, and his illegitimate son, the Duke of Monmouth. These are in fashion with Americans, and some indication of the price inflation is shown by the fact that "James II" now carries a £15,000 top estimate as against £1,000 which the same charger fetched at Sotheby's six years ago.

In contrast specialist Peter Arney refers back to a classic Chelsea piece, sold at his last auction in November for £1,980. It had everything — a tea bowl and saucer from the most revered factory, carrying its red anchor. In 1973 the same lot made £700, confirming an appreciation well below inflation.

Even more incomprehensible was the Chelsea figure of a rabbit, bought for £4,950. In the same sale a Staffordshire salt glaze copy of the Chelsea design made £9,350. So there is a fairly widespread demand for 18th century porcelain from the poor British, who can rarely afford to spend more than £1,000 on an item, while a very few American enthusiasts fight against each other for pottery pieces. One characteristic shared by both groups is that they are genuine collectors who buy because they like the objects rather than as an investment.

The best porcelain piece in Sotheby's sale is a Worcester bowl of around 1753, just after the factory moved there from Bristol. The only other example of this Chinese famille verte design is in the Dyson Perrins Museum where the lucky owners recognised their twin. It could sell for £7,000.

At Christie's the top price will be paid for a pottery rarity: a Wrotham slipware tyg, or mug with double loop handles, carrying the date 1656.

Both auctions are offering specialist collections, most notably, at Sotheby's, Dr George Mitchell's group of forty blue and white mugs, ranging from Worcester pieces of 1755 to printed Staffordshire of 1830, with prices in the range £200 to £900.

Christie's, in contrast, is selling 87 lots from the collection of the acknowledged ceramics expert Geoffrey Godden. The pieces are among those he uses in lectures to illustrate typical types, or unusual variations, and carry a provenance out of all proportion to their rarity.

British ceramics remains a field where the modestly prosperous can hope to build up a fine collection. Certain sectors, such as Doulton, or Wedgwood (with its American popularity), or Wemyss, much favoured by theatricals, have their own fanatical followings. Some types, such as Liverpool, seem to be in fashion, while others, such as painted Derby of the 1820s (indeed all porcelain up to around 1860), is out of favour.

There are many bargains to be snapped up in what is an under-priced and under-appreciated market. The problem is supply. Unless forced by financial pressure to sell up, owners of good collections are reluctant to dispose of their treasures—they have become irreplaceable.

Antony Thorncroft

Wrapped in old books

James Tucker explains why first editions are worth so much more when jackets are intact

EVERYONE knows that a valuable first edition can be hugely more valuable if it has a dustwrapper. With a tear in my eye and an ache in my heart I've just witnessed one of the most startling illustrations of this basic law of book collecting.

In an extremely modest way I am interested in what is known in the trade as Modern Firsts —original editions of novels published this century. By modest I mean that once in a long while, and when my wife is not watching, I might spend a couple of hundred pounds on a book.

In an untypically big-deal episode I once bought a First over the telephone from a gynaecologist in Johannesburg —a nice copy of John Fowles's The Collector, suitably enough —but generally it's a matter of scouring local second-hand book shops trying to find something hot that the proprietor has missed. Some hope.

I also receive catalogues from dealers and the latest to drop on to my door mat came from London dealer Rick Gekoski, who previously ran his business as a sideline from university lecturing, then took the redundough and went full time. His catalogues are always a delight and an agony: they contain wonderful things at prices I can't contemplate. Catalogue 8 is an example. It lists one of the rarest items of all 20th-century Firsts, and it's in a dustwrapper; "slightly torn," says the catalogue description, but what can you expect after nearly 50 years?

The book is Anthony Powell's What's Become of Waring, the final of his five pre-war novels, and his last fictional work before the marvellous, 12 part A Dance To The Music Of Time started to appear in 1951.

Waring, as we experts call it, is an amusing, unpretentious tale about the search for an elusive author/plagiarist, and it came out from Cassell in March 1939. The year is crucial. War was only six months away.

This is what Powell says about the book in Volume Three of his Memoirs, Faces In My Time: "With such vibrations in the offing, the spring publishing season that year was not a favourable one for book sales. Waring achieved a circulation of just 999 copies. . . ."

It is how this sentence continues, though, that is of supreme interest to the collector. In full it reads, "Waring achieved a circulation of just 999 copies, resembling hot cakes only later, when, like King Alfred's, the remaining stock was burnt to cinders in the blitz."

In other words, about 1,000 were sold and the rest destroyed. The Nazis, already notorious for burning books, had done it again.

Even those sold were not likely to have an easy passage to survival. As an immediate problem, they had to go through six years of war, with all its destruction and disruption. And, even if some of the books themselves made it, the chances for the dust-wrappers were painfully thin, particularly as some book buyers in those days regarded wrappers as rather bad form—because of their supposed gaudiness, or because they seemed to indicate a bourgeois fussiness about protecting one's possessions—and threw them out as a routine.

For these reasons, the hunt for Waring in a jacket has always been intense among collectors, at least as obsessive as the hunt for the mystery author in the novel. Wittily we would cry to each other, What's become of What's Become of Waring? There's a story—probably apocryphal—that one collector was astonished to see the novel in a perfect wrapper being used with other volumes simply to illustrate the attributes of a bookcase on sale in a furniture shop. He told the assistant that, although he did not want the bookcase, he would like to buy one of the books. The shop gave it to him, free.

Rick Gekoski did not offer it free. Waring in its slightly torn jacket was priced at £1,875. "Distinctly uncommon in dustwrapper," says the catalogue, with noble restraint. It carries an enticing picture of the book and jacket, the 7s 6d price on the spine clearly visible. Now, there's inflation for you.

The front of the jacket is dominated by a large question mark, with a ship, a man in a trilby and a shelf of books in the background; wrappers illustrated the story pretty exhaustively in those days. Unfortunately the picture is black and white only. I wish it had been in colour, because I fear this is as close as I'm ever going to get to the wrapper and I'd like to know all there is to know about it.

I have a jacketless Waring, bought a few years ago from London dealer Bertram Rota for £125, and until I saw Gekoski's catalogue I was very proud of it. I also have Powell's first novel, Afternoon Men, in a wrapper and signed by the author.

Even that paled a bit as I gazed at the catalogue. Once or twice — actually, only once — I thought about hocking half the household goods and getting on the phone to Gekoski to say I'd have the Waring. Or perhaps I'd do it by letter, in the hope it was sold by the time my bid arrived.

Eventually, I did crack and rang him, just to inquire what had happened. Yes, it was gone: sold more or less instantly to — need it be said? — an American institution. I didn't know whether to laugh or cry.

Gekoski kindly told me a bit about the jacket. It was mainly brown and not too attractive, he said. I can't say that diminished my sense of loss very much, though.

He thought my jacketless copy would now fetch about £250, so the wrapper put the value up by only a factor of a little over seven. That was remarkable but not unique. If it was any consolation—which I'm afraid it wasn't—he knew of more marked differences. For instance, Graham Greene's Brighton Rock is obtainable without a jacket for £100 to £150, whereas with one it will cost somewhere between £2,000 and £3,000.

Such mega-figures are frightening and I don't really know what the answer for a small-time collector is. In fact, the best and cheapest solution I've come up with so far is to get myself organised and start touring furniture shops more vigilantly and ardently than ever before.

John Brennan previews plans for London's Smithfield Market

Mixed in with the meat

THERE IS no prospect of Smithfield becoming another Covent Garden. That's not official, and will not be until the City Corporation presents its Smithfield Plan for public debate in a few months time. But it is a fact.

A matter of months ago the balance of probabilities was that the meat market would follow the fruit and vegetable traders of Covent Garden and the fish dealers of Billingsgate into exile outside the centre of London. A queue of specialty shopping centre developers had paced out the perimeter of the Smithfield Market's famous 1860s buildings. In the tangle of small streets, mews, alley ways and squares around the market, commercial and residental developers alike had been busy assembling what sites they could in an area where St Bartholomew's Hospital, the City Corporation, Islington Council, London Transport, and British Rail hold title to most of the land and buildings. They were all expecting the meat traders to leave, and the area to become a battle zone between City offices and West End retailers.

Now, this unique business and residential village, part in—part out of the City's northern borders, is likely to be allowed to develop at its own pace with a retained, but rehabilitated central market.

Seen as a seed bed area for new service business, and therefore an essential part of the dynamic of the City as envisaged in the corporation's main local plan, Smithfield is already changing with a mix of restored flats and Georgian houses, with newly built homes alongside refurbished industrial buildings and warehouses filling with design studios and small offices. The traditional dawn-opening market, cafes and pubs already share street space with chic wine bars and restaurants offering Chinese, Greek, Italian, French, traditional English and Indian food.

But it is the fate of the meat market itself holds the key to Smithfield.

Current proposals for the market buildings suggest a full refurbishment that will clear away the ugly canopies from the outside of the building, and close off The Grand Avenue to traffic. Inside, new stalls are proposed in an air-conditioned meat trading hall at ground level beneath two new floors of office space.

The refrigerated meat lorries that now herd around the outside of the buildings in the early hours of the morning, and which mill like lost dinosaurs through the City commuter traffic for the rest of the day, will disappear onto three-lane lorry access roads running inside the building itself.

The vast General Market and Annexe building close to Farringdon Street are expected to be closed. But the poultry market building that lies next to the main market is likely to be retained. The plans recognise fundamental changes in the nature of Smithfield's meat trading activities.

As retail meat sales in London have tended to switch from local butchers shops to bulk-buying supermarkets, Smithfield has become less of a volume meat market and more a specialist provider for London's caterers. Like its Parisian equivalent, London's central meat market has been moving away from wholesale trading towards the higher value, near-retail end of the business.

As the meat trade moves towards being contained within its own buildings, major office developments are set to bite into the edges of the area. On the south east, Wimpey's 300,000 sq ft glass curve of offices at Little Britain, a contentious book-end for London Wall, may or may not include a couple of tower block residencies for St Batholomew's Hospital staff. The planners, developers, hospital trustees and the eagle-eyed local action group, the Smithfield Trust, will ponder that question for a time.

Up alongside this Wimpey site, facing the Barbican across Aldersgate Street, another office giant—a 245,000 sq ft block with 670 car parking spaces and a mere 2,400 sq ft of residential space—is planned to replace the NCP's multi-storey car park. On the west of the Smithfield area those redundant General Market and Annexe meat market buildings look irresistibly tempting as neighbours for the offices likely to rise from the site of the Holborn Viaduct Station when it closes and its rail lines are run underground to a new station at the foot of Ludgate Hill.

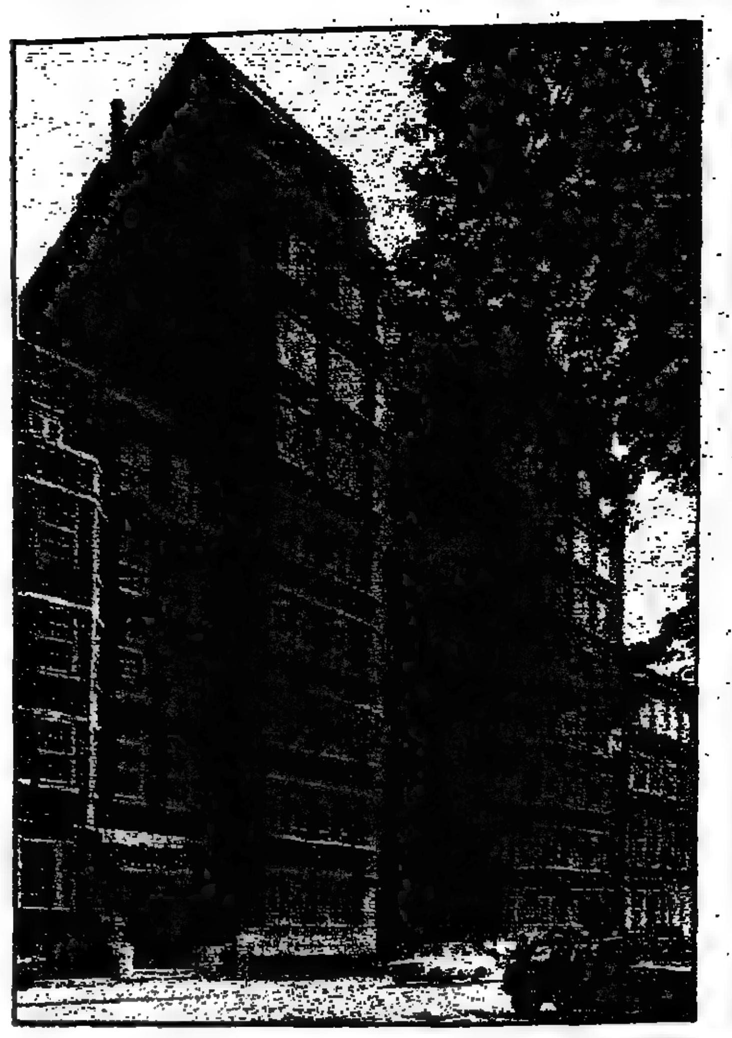
Mega-schemes around the fringes of Smithfield will, however, leave the heart of this conservation area to the refurbishers and infillers.

Until now there have been few opportunities to live in the area. Local agents Jarvis Keller (01-215 9226) report similar problems to Covent Garden—so few flats and houses come onto the market that only fans of the area actually know that there is anything to look for so close to the city outside the Barbican estate.

A two-bedroomed penthouse over refurbished offices in Britton Street, EC1, is sticking on Jarvis Keller's books at £140,000 having been first marketed at £150,000. Yet over the road Janet Street-Porter is reported to be having her own flat and roof terrace built over an office floor in a distinctive new building at number 44 Britton Street. And the few flats and houses that come up for sale just to the north of Smithfield, in and around Clerkenwell Green, get snapped up fast.

David Goldstone of Regalian Properties is the man most likely to make a distinctive impact on Smithfield housing this year, since it is reliably understood that Regalian has just added to its tender-winning record by acquiring the 126-flat block at 6/9 Charterhouse Square, EC1.

Drivers Jonas, agents for *Barts and the Health Authority* for the nine-floor, 1936 block with its art deco restaurant, disused squash courts and car park below, cannot comment on the result of tender for sale.



6-9 Charterhouse Square, London EC1: 126 flats bought for refurbishment by Regalian Properties.

However, it is understood that Regalian's winning bid topped £6m.

Facing onto the private, gated gardens of Charterhouse Square—a brief walk, yet isolated from Smithfield market traffic—78 of the former hospital staff flats are already vacant.

Unless Regalian breaks its now well-established approach to residential refurbishments, *Smithfield will shortly have a* supply of luxury one-bedroomed apartments available as City pied-a-terres, but without the price tag of a place in the Barbican.

Distance no object for some, says **John Brennan**

A manageable manor

SLENINGFORD Grange, North Stanley, three miles north of the *cathedral city of Ripon, 15 from* Harrogate, and 25 miles from York, is a five-bedroom, mainly Victorian but part 15th century manor in nine acres of grounds. It has the look—as well as the paddocks, stabling, woods and garden—that tends to draw London commuter buyers. J. H. Jackson & Co in association with Knight Frank & Rutley (09012 3171) are looking for offers over £240,000 for the freehold, As KFR's Johnny Jackson reports there is already enough interest to make the "in excess" part of that asking price mean something.

Incomers looking at Sleningford Grange have come from all *over the country—and once they* have accepted the principle of long distance commuting, "where" seems to become relatively immaterial: "It always rather surprises me," says Jackson, "that people who see a house they want don't really mind what part of the country it is in."

Manors on this manageable scale don't come onto the market all that often in North Yorkshire and so there is likely to be plenty of local interest. The scarcity is partly explained by the fact that once they do buy, the locals tend to stay put.

"It is unlike the south where people will buy a country house and move on after three or four years," says Jackson. "Here people tend to stay until they come out feet first."

Otherwise there is strong demand for larger properties for conversion to nursing homes. The Manor House at Rufford, sold by Savills for £165,000 late last year, is typical of the trend towards up-market sheltered homes. As long as the property is not too isolated, local planners now accept the need for a significant increase in this type of residential case.

Country Property

Docklands prices are likely to stabilise as more homes become available, writes **John Brennan**

Supply may outstrip Yuppie demand

THE BIG question about the value of housing in London Docklands is not if but when the market will switch from being speculative to stable. On current evidence that switch is still a couple of years away, and the flood of new properties coming onto the market in 1987 is likely to act as a marked depressant on prices.

In a comprehensive review published yesterday of the state of the Dockland property market Knight Frank & Rutley clearly identifies this year's explosive growth in the supply of flats and houses.

In 1986 the marketing efforts of Docklands residential developers reached new heights as 1,400, mainly high-priced private homes were completed. This year we will have to brace ourselves for the shock-waves of the selling drive needed to clear the 3,560 units that KF&R's report identifies as due for completion.

Add in the outstanding planning consents and current development proposals for additonal new homes in Wapping and Limehouse, on the Isle of Dogs, and in the vast water city planned for the Royal Docks; include schemes along the South Bank and in the Surrey Docks, and today's total of just over 3,000 newly built flats, apartments and refurbised warehouses becomes an early 1990s total of no less than 24,440 homes.

Stephen Miles-Brown at KF&R's Docklands office accepts that this hefty prospective supply inevitably raises the question of whether there really is sufficent demand from people willing to take a long-term view on values.

Nevertheless, having seen residential development sites soar in value from virtually unsaleable four years ago to "beyond £3m an acre" now, Miles-Brown thinks that there *will be a distinctive pause in the* number of new schemes before 1987 is over. "By the autumn, the rise in land prices could screech to a halt. "As the scaffolding comes off so many schemes this year, the residential agents will have lots more units to cope with from September," he says.

Caution about the immediate prospects for residential prices is tempered by the general enthusiasm of KF&R's report as it charts the progress of the London Docklands Corporation's success in setting about the transformation of this vast, once derelict area.

Summarising the state of the residential market in the Docks, KF&R recognises the critical importance thus far of the "Big Bang" buyers. Developers creating the Docklands standard £80,000-£150,000 *two-bedroom* flat have been targeting sales at the singles, professional couples without children, and week-day overnighters buying flats a short distance from the City. But there isn't an endless supply of those buyers around.

"The sharp price increases over the past few years have brought prices in the most popular and established locations (in Wapping, Limehouse and South Bank) up to levels close to those of the fashionable residential quarters of the West End. The sudden sharp drop of prices east of the City has been replaced by a *gradual slope.* This also means that the period of sharp price increases has passed, reducing the scope for speculative capital gains in the areas of earliest residential development," the report says.

KF&R notes that prices on the Isle of Dogs are 50 to 75 per cent of those in Wapping, and that the price differential drops even more sharply towards the longer-term development areas of the Royal Docks and south of the river in the Surreys. But until the building dust settles, until these areas acquire shops and schools, and until more of *the prospective 7m sq ft commercial* space—excluding the 8.8m sq feet in the Canary Wharf scheme—starts to fill up with office workers, the supply-demand balance for higher priced residential property looks to be leaning increasingy heavily on the supply side.

Docklands buyers looking at *higher price units in 1987 may* well see values dip, or at least plateau out, before general improvements of the area catch up with the pace of new developments.

Residential development by stage of development per 1.1.1987 (No. of Units)

	completed 1986	under construction	outstanding consents	development proposals	total
Wapping/Limehouse	400	1850	1260	690	4200
Isle of Dogs	330	850	1490	3230	5900
Royal Docks	250	400	580	6670	7900
South Bank	220	360	520	880	1980
Surrey Docks	200	1310	570	2380	4460
Total	1400	4770	4420	13850	24440

Estimated annual completion levels of residential units (No. of Units)

	1984	1985	1986	1987	1988	1989+
Wapping/Limehouse	—	160	400	1270	580	1950
Isle of Dogs	160	110	330	650	790	4130
Royal Docks	380	620	250	400	260	6990
South Bank	70	20	220	270	620	870
Surrey Docks	50	390	200	970	550	2740
Total	610	1000	1400	3560	2800	16680

Source: Knight Frank & Rutley

Upward trend continues

Hampton and Sons Prime Residential Property Index for 1987, due out next week, will show that the firm's weighted sample of over 1,000 Central London properties increased in value by an average 21.6 per cent *last year.*

The index, which has tracked the values for an unchanged core sample of London flats, houses and apartment blocks since 1974, and which has been expanded in recent years to include the 420 properties managed by Hamptons on behalf of the Henderson Prime Residential Property Fund, now stands at 804 against a base figure of 100 13 years ago.

Linda Beaney of Hamptons reports that the year's average rise reflects a marked surge in values in April and May and another sharp rise around September. After that, the market cooled in the face of wide-*spread speculation* about a possible slump in house prices. But since the beginning of the year Hamptons has been busier than ever, with UK buyers still making the running with Americans, Germans, Scandinavians and an increasing number of Japanese buyers in evidence in a prime international central area that Beaney sees *as having shifted* axis slightly south westwards in the past three years, running from Knightsbridge over to Kensington and Chelsea.

"Just on market experience and as a personal view, I'd expect that we will see capital growth of some 10 to 15 per cent, even with an uncertain period ahead of the election," she said.

"The only area that I would be really wary of this year is Docklands, where there will be a lot of 'hype' as so many schemes are completed. A lot of the developers there have only known a bull market, and I do not know how they would stand a downturn.

"I certainly would not be a *buyer there now. I'd wait until* September and the prices you'll see then when there is likely to be a glut of properties."

Marbella exercises restraint

Cheryl Taylor reports on tactics to control Spanish coastline development

MARBELLA was a small fishing village 30 years ago, surrounded by nothing more than a scrubby desert. Today the desert has sprouted skyscrapers and expensive shops. Apartment blocks and gigantic villas have sprung up like nettles after the rain. The authentic emblem of Marbella these days is not so much the sun, as the builders' crane.

But the planning authorities of the Costa del Sol have finally woken up to the fact that unless they take steps now to control the spread of unsightly development along their coastline, future revenue from tourism will be seriously at risk.

It is too late for places like Torremolinos, where careless planning and lack of statutory building regulations have left a sad legacy of unfinished apartment blocks and obscenely high-rise hotels strung shoulder to shoulder along the seashore.

Jose Rodrigues Sanches, Mayor of the City of Marbella, says that in eight years Marbella will become a "Garden City," with low rise buildings, ornamental parks, and elegant shopping precincts; today's congested roads giving way to pedestrian-only. The general plan reduces the maximum height for front-line coastal construction, outside the city, to a maximum of three floors. In the centre of Marbella this rises to five storeys, but anything over three floors must be designed to follow the contours of the land.

Building density is being reduced to a maximum of 25 family units per hectare—one family unit equals one two-bed-*room flat. Along the coastline* the facade of any building must be no longer than 20 metres; each building must have at least another 20 metres of land in between.

Developers are now required to give 20 per cent of land purchased to the local council, plus 10.5 per cent of the value of the available building land. This may be used by the council for housing, roads, or public parks; the 10 per cent of building value can be traded in and a financial settlement made with the developer.

Of the remaining 70 per cent, 35 per cent *may be built on by* the developer, 25 per cent must be designated as "private greenzone," and about 10 per cent for the construction of a school and cultural facilities, including museums, theatres and art galleries.

The Marbella authorities say they have recently received five applications for permission to build new marinas. Plans for three of these have now been accepted.

Multi-million dollar Arab yachts will almost certainly rub heels with occasional, somewhat smaller sardine boats at *the new marina of Puerto* Romano planned alongside the 5-star Puenta Romano Hotel, close to the Marbella Club.

The existing marina of Puerto Banus—focal point for every *poseur* within pouting distance of the Costa del Sol—may have its nose put out of joint when "Puerto Banus 2" makes an appearance next door, backed by more than £40m of Kuwaiti finance.

The planners now insist that all new marinas must take account of environmental impact. Developers must also guarantee to preserve a stated minimum of the existing area of beach.

Two four-year plans have been announced for the construction of a major motorway network, as well as for the improvement of existing roads *from Malaga to the border with* Gibraltar.

In the first four years, a new ring road is to be built which will bypass the centre of Marbella. It will start two miles east of the city, sweep inland, and return to the coast at San Pedro. The 11-mile stretch, that will cost an estimated £84m, will be a four-lane motorway with wide central barrier, much of it running underground, through tunnels cut into the mountainside. This road has been designed to divert traffic away from the centre of Marbella.

The existing main road through Marbella is being improved at a cost of £9m. Heavy *vehicles access will be* restricted, speed limits reduced, and a large part of the city given over to pedestrian use only.

Reconstruction of the old road between Marbella and San Pedro will continue. Costing an anticipated £5½m, it will eventually abolish all elevated walkways and bridges. Tunnels will provide pedestrian walkways.

The second four-year plan includes a new four-lane motorway from Estapona to Gibraltar.

Country Property

London Property

Overseas Property

New Homes

Rentals

On the Downs in East Sussex . . . physical beauty with a sense of space and the sea beyond

The ghosts of writers past

Roger Beard visits East Sussex, where a wealth of literary talent took root

TAKE THE pretty road to Lewes, through East Grinstead on the A275, past Danehill and the Chaileys and the Toy Town train set of the Bluebell Line, and you will hit that part of Sussex which drew the writing talent of Edwardian England away from their London publishers and agents.

Alternatively, buy a £13 return train ticket from Victoria, open your lungs to the air of the Downs, and prepare to meet the ghosts of A. A. Milne, Belloc, Conan-Doyle, Henry James, H. G. Wells, Kipling, Stephen Crane, Conrad and Virginia Woolf.

Add William Blake, John Evelyn and Tom Paine from earlier centuries—all of whom could have written the others under the table—and you have put together a dozen of the finest writers in the English language, with one other thing in common: a love of East Sussex, stretching up to and over the border into West Kent.

For instance, Kipling so loved the county that he made two homes in it, one at Rottingdean and the other—his country house, Bateman's—at Burwash. Little changed since Kipling's day, Bateman's has been left as a shrine to the author and is open daily between 11 am and 6 pm, except Thursdays and Fridays, between April and October.

It is amusing to think of him taking the road to Rye, to pop in on Henry James at Lamb House, with Stephen Crane coming over from Hastings, and bumping into H. G. Wells on the doorstep. Lamb House is also open to the public two summer afternoons a week but, as with all house visiting, it is best to check the times closer to the date.

Better still, contact Sussex Literary Tours of Lewes who specialise in arranging linked tours to literary sites for small groups, with accommodation where necessary.

Top of their list comes the Bloomsbury set with the Bells and Duncan Grant living at Charleston, the rural retreat of the Bloomsburyites, now recently restored, together with the murals they painted in nearby Berwick church using themselves and their friends as models.

Monks House, at Rodwell, the home of Leonard and Virginia Woolf, is also open to the public, and it was here that the unhappy authoress finally drowned herself in the Sussex Ouse on a March day in 1941.

Lewes itself is the prettiest county town you will find in the south. Rich, lively, more dignified than its tarty neighbour Brighton, it seems logical that diarist John Evelyn could live here, but less so the radical Tom Paine — until you get among the back alleys and pubs of the old town.

Away from the grand Georgian houses and the gentrification of the commuters, in the public bars of the Harveys pubs, you will still find true Sussex radicals arguing the time away in that soft, firm accent familiar to Paine.

What was it that attracted such a wealth of talent to this part of the country? Was it picturesque towns like Lewes, Rye and Battle, or the more mundane development of the Southern Railway?

They both played a part, but the most striking aspect of this corner of England is not the towns, not even the history, though there is plenty of that from the Conquerer on. It is the physical beauty of the Downs, the sense of space and the sea beyond.

Henry James wrote that he had been to the far end of Florida but preferred the far end of Sussex.

If you take time off from stomping in the footsteps of the literati, and go to just one small part of East Sussex, you will know what he meant. Cuckmere Haven and the Seven Sisters Country Park, west of Eastbourne, are a delight even on a stormy winter's day.

Walk through Friston Forest and down to the river, with the wind on your face, and no prose is purple enough to give the feel of it.

Just north is the Long Man of Wilmington, with its long barrows and tumuli, a permanent reminder that prehistoric man was more broadminded than the Victorians who censored the turf-cut figure by removing his male member.

It is surprisingly easy to miss the area between Seaford and Eastbourne. The main trunk road, the A27, is away to the north, and if you take the coast road and blink twice you will be past it.

Turn off the A27 at Berwick, follow the signs for Alfriston, stop for lunch at the Market Cross pub, cross the river and make for West Dean. From then on, walk.

By the time you come to the Seven Sisters and the cliff-top view over the Channel, you will have grasped why so many writers found Sussex the place to practise their craft in.

● Further information from Sussex Literary Tours, 46 Grange Road, Lewes, BN7 ITT. Telephone: 0273 473683.

Stuart Marshall tests an all-wheel drive hatchback

Subaru buttons it up

THE Subaru Justy arrived just after mid-January's arctic spell but a friend's farm, soggy after the thaw, was an adequate substitute for snow-covered roads.

Superficially, the Justy is a Ford Fiesta-sized supermini, with a transverse engine, front-wheel drive and five-speed gearbox. But built into the gear lever knob is a red push-button. Thumb it, and the Justy becomes an all-wheel drive car that tackles the kind of muck and mire for which many people would think a Land Rover or similar 4x4 essential.

It is a remarkable little machine and at present there is nothing else quite like it on the British market. There is, of course, the Fiat Panda 4x4, but that is more of a utility than a nicely-trimmed four-seat (five at a pinch) family hatchback with a choice of two or four passenger doors. And it costs only £5,999 or £6,143 respectively, with rear window wash / wipe, rev. counter, interior tailgate release, three waveband radio/tape player and interior adjustable door mirrors included.

On the road, it is an energetic little mover. The 1.2-litre engine has only three cylinders, but apart from its odd beat at very low speeds it hardly shows. As the revolutions rise, it spins and sounds like a four-cylinder engine and the faster the Justy goes, the smoother the engine becomes.

Gearing is quite low, which is to be expected in a car that is meant to go off the beaten track when needed. At 75 mph, the engine is turning over at 4,000 rpm. It will easily go faster and at an indicated 90 mph engine noise is not excessive but fuel consumption goes up steeply. Sensibly used as an on-road family hatchback, the Justy will better 40 mpg and a feather-footed driver on a long run might see 50 mpg.

The five-speed gearbox has a silken change, which helps to make the Justy an ideal urban runabout. Light steering and a 29-ft turning circle are appreciated when parking.

All-independent coil sprung suspension gives the Justy a very good ride on the road and is unruffled by tracks normaly used only by farm machiney.

The tailgate opens flush wth the rear bumper. With the rar seat in use, luggage space is not generous, but folding te backrests down creates a led platform roughly 4 ft squar.

Who needs four-wheel drive on a family hatchback? Anyone who lives in a area that gts more than its fair share of snow or who has to venture ff hard surfaces, winter or summer, would find one ideal and the beauty of it is that uril you press that red button on tp of the gear lever, it feis, sounds and goes just like ay other super-mini, though rater better than some.

The Subaru Justy . . . unique in Britain

GETTING TO GRIPS WITH A SPIN

TWO identical Volvo saloons cornering at the same speed on a frozen lake in Sweden. One goes round as the driver intended; the other slides its tail despite a lot of countersteering and will end up in a snow bank. The secret is that one of the cars has electronic traction control (ETC) which is rather like anti-lock brakes (ABS) in mirror image.

ABS prevents wheels from locking during braking on a slippery surface; ETC prevents wheelspin when the tyre is being asked to transmit more torque (turning force) than it can handle. It senses when a drive wheel is losing grip and automatically reduces engine output until it matches tyre adhesion. Driving on ice and snow is made much easier and safer if wheelspin is eliminated because a spinning wheel loses lateral grip as well as driving force.

Another benefit of ETC is giving a warning of aquaplaning in very heavy rain. Front wheels stop turning when the tyres aquaplane. ETC's electronics detect the difference between front and rear wheel rotation speeds and flash a warning.

Although ETC's main value is during severe winter weather, it would also help when trying to get a car out of a soggy parking place at a race meeting. It has just become available on the Volvo 740 Turbo saloon and estate in Britain and costs £855.

A differential that automatically transfers torque away from a spinning drive wheel and transfers it to the other one that is gripping has obvious benefits, too. The Quaife differential, which does just that, can be fitted to a number of cars and light vans, including Vauxhalls with 1.- and 1.8-litre engines and most Ford 1.3 and 1.6 litre cars. The cost is from about £40. Widely used in rally cars, they are said to improve handling as well as increase mobility on slippery surfaces. I have not yet tried a Quaife equipped car, but if you are interested, call Tony Cooke at United Service Garages, Portsmouth (0705 661321).

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Language Courses

Michael Dixon reports on why the business community has decided that shouting loud in English is not enough

THE SLOGAN "Monolingualism is curable" is already in vogue among Britain's foreign-language teachers, and is likely to be followed soon by "Don't die of ineloquence!" Bad taste though it may be to capitalise on the truly harrowing problem of Aids to promote interest in learning foreign tongues, teachers in the field are unrepentant.

They say that although lack of linguistic skills does not directly threaten life, it menaces economic survival especially in a country whose prosperity depends heavily on successful exporting. Moreover the conviction that foreigners have a duty to speak English is so deeply embedded in the British subconscious that nothing short of shock therapy is likely to root it out.

If the language teachers were criticised for adopting aggressive marketing techniques, they would answer brusquely that it pays off. For over the past few years, the British public have shown an increased interest in learning other tongues that surpasses any observed before.

"Mind you, we're at best only at the beginning—the great majority of the public still don't want to know," says Mrs Christine Wilding, secretary of the Joint Council of Language Associations. "But with that proviso, prospects seem definitely brighter than any of us can remember. The attitude across the whole of society has improved most encouragingly since the 1970s.

"For instance, only in 1981 I asked a big city's chamber of commerce to lend its name—not any money, just its moral support—to a seminar on language learning. It turned me down, saying that it saw no reason for supporting something that was not of interest to its members. But now the very same chamber is actively offering language training facilities to business people throughout its region."

Mrs Wilding attributes the start of the encouraging trend to reports on the value of linguistic skill to businesses which have been produced and widely circulated over the past decade by bodies such as the British Overseas Trade Board. "They included various pieces of graphic evidence that companies do better by speaking their customers' and suppliers' tongues figures and phrases that business people remembered and quoted to each other. That could well have been the initial stimulus.

"But probably even more important was that the people who produced the report didn't just publish and sit back. They kept going. Besides travelling around presenting their findings to trade groups, schools and colleges, they got various organisations including banks to work out and pump-prime a whole range of new initiatives."

A further factor was probably the brake on public expenditure on education which led the foreign language departments of some universities as well as technical colleges and polytechnics to go out and drum up business custom for their training programmes and other linguistic services.

Another influence was the introduction through the Government's Technical and Vocational Educational Initiative of more practically orientated courses for schoolchildren aged 14 upwards. The TVEI language studies broke through the old school attitude which taught linguistic skills as a vehicle for reading other countries' great literature, and gave impetus to a movement to teach them as tools for everyday use. That movement has since infiltrated the standard, more academic element of school studies. The repercussions can be seen in the unprecedentedly practical foreign-language syllabuses for the new 16-plus examination for England and Wales: the General Certificate for Secondary Education which 15-year-olds are preparing to take when it replaces the dual system of Ordinary Levels and the Certificate of Secondary Education next year.

Yet another factor cited by Mrs Wilding is the retirement from senior management of people imbued with the attitude of Empire days. "You know: the people who believed you can do anything in English if you shout. The younger managers replacing them seem more European and cosmopolitan in outlook."

But the key influence behind the increase in language learning has almost certainly been the change in the pattern of Britain's export markets which has compelled more business chiefs to recognise the importance of linguistic skills.

Extensive studies in the north of England, which were led by Stephen Hagen of Newcastle-upon-Tyne Polytechnic, showed a 10.6 per cent growth in the use of foreign languages by companies between 1977 and 1984. "And the early findings of a national study we are doing suggest that the same kind of growth has been taking place all over the country."

The Newcastle Polytechnic studies expose for all to see the fallacy of the claim that, as English is now used far more than any other language for international trading, the British can do all the business they need in their own native tongue. When the researchers analysed specific transactions between British and French-speaking companies, they found that about 40 per cent had been carrid out in French and a further 13 per cent in a mixture of French and English.

What is more the need for skills in a whole range of other tongues looks certain to grow continually, Mrs Wilding says. "The chief of a big British food group, for example, told me recently that by the end of the century his company expects to have only about five major customers to deal with throughout Europe, most of them working in other languages.

"So while the rise in interest is a good first step, the really crucial thing is to keep the upward momentum going. But whether that is achievable we still can't be sure."

There are numerous favourable portents. One is the increasing use of computerised information—handling to enliven what has always been the chore of learning a different tongue. A second is the Government's decision to invest £750,000 to link various further and higher education institutions together to form 10 consortia for providing language teaching and associated services, each covering a different wide region.

A third is the decision by bodies such as the Institute of Linguists, the Royal Society of Arts and the London Chamber of Commerce and Industry, which award qualifications in language skills, to offer a wider range of routes to a certificate which people can use in advancing their career. Besides taking conventional exams, children and adults can now take graded tests on the lines of those measuring proficiency in playing a musical instrument. Staff who use languages in their work can also have their competence officially registered.

But there are also discouraging factors. One is that in spite of the more practical orientation of the syllabuses for the new 16-plus exam, its higher grades will be awarded to candidates who are good at writing as well as reading and conversing in the language in question.

The Newcastle Poly research, like all other studies of the working use of foreign tongues, has shown that the skills primarily needed are those of reading and listening and speaking. The requirement to write is far less widespread.

Professor Nigel Reeves of Surrey University agrees that the insistence on writing ability for the exam's top grades will

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As it is spoken

THE RECENT upward trend in interest in language-learning, at least by newcomers to the study, is confirmed by our table. It shows the number of entries over each of the past 19 years for the London Chamber of Commerce and Industry's annual examinations of practical linguistic proficiency.

The continued rise in entries to the LCCI's tests contrasts with overall declines in the past year in the entry to foreign language exams of other bodies such as the Institute of Linguistics and the Royal Society of Arts. But the reverse in their entries is attributed to a decline in the number of people studying other tongues during their formal education, in turn reflecting a decrease in the teenage population as a whole.

A particularly encouraging aspect of the sustained rise in the LCCI's figures is that its exams cater to a greater extent than those of the Institute of Linguistics for people who study languages while working in industrial and commercial companies. The London Chamber's tests are intended specifically to assess proficiency in business use of the tongue concerned.

They involve no written papers, being entirely oral, and can be taken by employees on their own company's premises as well as in various regional centres.

At the preliminary level, a pass testifies to the basic proficiency to deal, for example, with a fairly routine telephone call. The intermediate-level pass represents the ability to carry through standard business transactions with a co-operative—as distinct from Machiavellian—customer or supplier, and to converse socially to a useful if somewhat limited extent. At advanced-level a pass signifies command of a wide range of vocabulary and syntactical expression, enabling business to be done in the foreign tongue as competently as in English.

Last year the chamber introduced for the first time a fourth, "Threshold" level midway between the original preliminary and intermediate grades. The threshold pass denotes the proficiency to meet the basic needs of life and employment in the country in question by being able to understand public announcements and notices, follow instructions for the use of telephones and so on.

The pass rate among the preliminary candidates last year was 84 per cent, only a little down from the 86 of the previous year even though the number of entries was up by 200. At the intermediate grade the pass rate was up to 88 per cent from 86 in 1985, and the rise from 83 to 85 per cent in passes at advanced level at least partly compensated for the sharp fall in entries. The Threshold exams got off to a goodish start with 84 out of every hundred candidates passing.

London Chamber of Commerce Foreign Language Examinations

Year	Preliminary entries	Intermediate entries	Advanced entries	Total
1968	1,182	671	290	2,143
1969	917	666	226	1,809
1970	915	544	214	1,673
1971	865	464	128	1,457
1972	1,098	556	166	1,820
1973	1,383	508	136	2,027
1974	1,394	464	143	2,001
1975	1,145	439	157	1,741
1976	1,109	512	166	1,787
1977	1,207	550	266	2,023
1978	1,137	593	266	1,996
1979	1,061	475	151	1,687
1980	1,082	488	152	1,722
1981	990	614	141	1,745
1982	1,275	587	138	2,000
1983	1,213	646	149	2,008
1984	1,416	646	180	2,242
1985	1,452	611	182	2,245
1986	1,655	*823	125	2,603

*Includes 203 entries at new Threshold level.

•WEEKEND FT REPORT•

Why English is good, but not good enough

Michael Dixon reports on the world's most important languages

WHAT IS the most important language in the world? The short answer, of course, is the one spoken by the person you need to communicate with at the moment.

By that criterion the tongue with the best statistical chance of being the most important is evidently English, as the accompanying table shows. It is compiled from estimates published — together with a warning that language statistics are "notoriously difficult and unreliable" — in the latest Language Monthly magazine.

The first column of figures gives the broad total of people speaking English, Chinese and so on, whether as their home country's tongue or as a supplementary one. The second gives the number of countries or territories where the language is "official" in the sense of being used, perhaps along with others, in governmental documents and the like.

What most distinguishes English from the rest is that of its approximately 1,450m users, only about 325m speak it as their home-country language. They are outnumbered nearly 3½ to one by its "international" users. By contrast, of the estimated 1,100m speakers of Chinese, only around 50m are international users. The only other tongue whose home speakers are apparently outnumbered by their international counterparts is French, with about 80m users in the home category and 140m elsewhere.

The rise of English to become far and away the world's most spoken tongue is a relatively recent phenomenon. As Language Monthly says:

"English is now so dominant that, to give one instance, some French and German medical publishers have to publish their specialist books in English. If they did not do so, their authors would not be internationally read and the books would not sell in sufficient numbers to be profitable. Even a few decades ago, such a situation would have been unthinkable.

"The growth of English as world language is still accelerating. Official attempts in some parts of the world to reduce the use of English are likely to be thwarted by the sheer momentum of technological progress whose language English has become."

But, as more and more British business people are fortunately realising, most of the 1,450m people who can speak English would probably much prefer to use their native tongues. There would anyway still be about 3,250m people around the globe who do not speak it at all.

Moreover, even if a UK exporter finds that the more senior staff of an overseas customer company are happy to deal in English, those upper-ranking employees' approval will not guarantee that their company as a whole will find the UK goods or services acceptable.

Many a promising export prospect has failed because of resistance to a new product on the customer company's shop- or office-floor. And in the words of an anonymous member of one of ICL's export-service teams: "On the shop-floor very few people speak English. By being able to communicate (in the workers' own tongue) one can gain their confidence, which all helps to get the product accepted."

So it is clearly important to Britain's export hopes that the country has stocks of people able to communicate in the tongues of all its major overseas markets. The fact, however, is that the national stocks of skills in the various languages concerned are not only inadequate and out of balance with exporting needs, but also growing still more so.

A reasonable idea of the size and shape of the language teaching effort of this country's schools is provided by the 16-plus examinations. In the Ordinary-level exam of summer 1985—the latest year for which statistics are available—there were 519,684 entries in English language. That figure compares with 147,657 in French, 42,616 in German, 11,749 in Spanish, 2,389 in Italian, 1,375 in Russian. All other "foreign" tongues, including Welsh, attracted a combined total of 7,142.

Hence for every 100 entries in English language there were only 41 in any modern foreign tongue. And among the minority studying other languages, for every 100 entries in French there were but 29 in German, eight in Spanish, two in Italian, one in Russian and five in the rest put together.

The mismatch between that pattern of teaching linguistic skills and the pattern in which those skills are used by companies is indicated by language surveys made during recent years by Newcastle upon Tyne Polytechnic and other colleges. For every 100 using French there were also 100 using German, 60 Spanish, 55 Arabic, 35 Italian and 20 Japanese.

What is also worrying is the surveys' finding that for numberous companies the linguistic skills of staff who had studied a foreign tongue during their formal education fell short of the skills required by business. For example, Stephen Hagen who led the Newcastle studies, says that about two-thirds of the companies using overseas languages had staff who spoke some French. But half of those same companies still believed that they had lost potential business because their French-using skills were insufficient.

The main reason for the skills/needs mismatch seems to lie in the predominantly literature-based teaching of other tongues in UK schools, colleges and universities. While the ability to read the language is probably the one most needed by industry and commerce, conversational skills are pretty close behind and ability to write the language is a very minor requirement.

So it is surely a healthy sign that—as was mentioned in the opening article to this survey—the new 16-plus examination for England and Wales will put much more emphasis on the skill of using the overseas tongue as a tool of everyday communication. More promising still, perhaps, is the prospective use of new technology to promote better learning of practical linguistic skills, not least by making the lessons both more entertaining and less potentially embarrassing.

"For instance, children never much like getting back their texts from the teacher with corrections scrawled all over them," says Christine Wilding, secretary of the Joint Council of Language Associations. "But with word-processors, the pupil can produce the text and the teacher correct it, and still the only copy of it anyone else sees is the finished, perfect copy.

"With facsimile-transmission, too, a class of children could carry on a correspondence with a pen-pal class in another country without having to wait days if not weeks for the reply to each letter to arrive. And in the case of minority languages that are studied by only a few pupils in any one place—which tend to be taught by peripatetic teachers each covering a number of schools — new technology networks could allow the teachers to use their time far more efficiently."

The fact that the potential for enlivening language teaching is now greater than ever before is also pointed out by Professor Nigel Reeves of Surrey University. "The software for computer-assisted learning is improving fast, and there looks to be a lot of promise in interactive videos.

"For business people, for example, a video package can face them with the sorts of authentic situations that they are highly likely to meet when dealing with customers in the country in question. As the video is preprogrammed to follow up a range of different ways of tackling the situation, whatever solution they choose can then be explored further.

"One problem, though, is that interactive video packages are expensive — I can see them being bought for company training programmes, but not much by individuals. And while complex simulations like that can be very helpful, it is not in simulated situations where the essential learning takes place, but in actual situations."

Geri Stillit, head of the London-based Stillitron Language-Training Institute, agrees. "No matter how sophisticated technology may become, I cannot see there ever being a substitute for continual practice in face-to-face conversation with a real human being."

Moreover, in Mrs Wilding's view, when the other person to be dealt with has been born and bred in a different country's culture there is still a need for prior practice in speaking even if the language to be used is English.

"A lot of British people just do not know how to talk with foreigners in English. As soon as they believe the other person is following their conversation, for instance, they often slip into using 'in' jokes, obscure idioms and so on that are meaningless to the foreigner.

"Britains who are going abroad to do business would do well to make a video of their proposed presentation in English, and go over it with a national of the country concerned before they set out. That might well make the difference between landing a contract and killing the chance of it by some mistake that you never get to know you made."

Mrs Thatcher and her Chinese guide are speaking the two top languages

A linguistic league table

	Estimated total number of speakers m	Number of lands where language is "official"
English	1,450	63
Chinese	1,100	5
Spanish	280	21
Russian	275	1
French	220	40
Arabic	175	23
Portuguese	160	8
German	100	5

Source: Language Monthly, February 1987.

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The business of learning

inevitably act as a disincentive to youngsters whose aptitudes are for the uses most required by the economy.

"It's ironic. Employers know they need skills in reading and conversation far more than in writing. But a major reason why writing is stipulated for the higher grades is that employers otherwise wouldn't accept those grades as academically equivalent to Ordinary-level passes. It's the old process by which academic preconceptions triumph over commonsense perceptions."

Much the same process endangers the business studies syllabuses in French and German developed by the Oxford and Cambridge Schools Examination Board for the former half-way house exam between Ordinary and Advanced levels. The syllabuses, which began with 121 and 53 takers in 1978, last year attracted 1,725 and 325.

Since the half-way house is being knocked down there will soon be no room for the syllabuses in the academic landscape. The board nevertheless hopes to persuade teenagers to continue taking them as a useful, if academically unrecognised extra.

A more fundamental danger to British companies' prospects of acquiring skills in the full range of languages used by potential customer countries, is the disproportionate emphasis the education system places on teaching French. Even German is taught to only a small minority of pupils, and other tongues to far fewer still.

In the case of languages likely to become increasingly important such as Chinese and Japanese as well as Arabic, a report to the University Grants Committee last year gave warning that Britain could soon lose the ability to teach them at all. The report, produced by a committee headed by Sir Peter Parker, chairman of the British Institute of Management, said that the nation's teaching capability depended on the universities having an essential nucleus of experts in the languages concerned. But the numbers of such experts were fast diminishing as minority language studies were abandoned for lack of funds.

In the final analysis, all such problems can be overcome provided that Britain's leading citizens, particularly the heads of companies, recognise that large-scale increases in practical linguistic skills are needed and keep pressure on the politicians to provide for them.

The trouble is that, as Sir Peter Parker has observed, there is still a "fatal casualness" about the general attitude of the country's business chiefs towards learning other tongues.

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In the shadow of Vatman

English for Foreigners: **Alan Forrest** reports on the good and the bad news for some UK schools.

Seeing London . . . . . and learning English

TEACHING ENGLISH *to young* foreign students is still an operation bringing in £200m a year in foreign currency for the UK's private language schools, in spite of fiscal problems which bedevil such bodies as the Association of Recognised English Language Schools and the Federation of English Language Course Organisations. As time rolls by towards the months when thousands of youngsters from the EEC countries bring the Tower of Babel to the relaxed acres of places like Eastbourne and Hastings, operators of UK-registered schools are saying: "Our patience is exhausted."

This doesn't mean that they want to dam the flow. Their policy is "Let 'em all come"; but we want something to be done about the fiscal discrimination making it difficult for the UK-based schools to compete fairly in the market.

'We are victims of the great English blunder'

The schools claim: "We are the best in the world." They argue that their standards—in teaching and looking after the young foreigners—are better than most of the overseas-registered schools which send over young people for language-learning holidays, sometimes with their own teachers, born in the country of origin, but still teaching English.

The problem is the 15 per cent Value Added Tax levied on UK-based schools, and not on those *registered abroad. The* home-based ones seek fair competition and claim they have been victims of "the great English blunder"—blame to be shared between the Customs and Excise, the Treasury and the Department of Education. Any kind of representation to the EEC countries for rationalisation is greeted with claims that VAT-rating for the foreign schools working in England would be a system of "double taxation" assuming that they may be paying the equivalent of VAT in their own country, and that, the UK schools claim, is by no means certain.

A spokesman for the UK-based schools says that in a re*cent year 200,000 young French* students took courses in England and 90 per cent of them spent their weeks in the UK with French-registered schools. The foreign schools hire village halls, schools and even theatres for instruction at a cost for the course at least 15 per cent below any price to be quoted by a UK-based private school.

A small break in the clouds is a consultative document to be completed by January 1988 which aims at ironing out the *anomalies. But private school* operators believe it will be two or three years after that before anything realistic is done.

The other thorn in the flesh of the private schools is the competition from public sector groups—adult education colleges, polytechnics and so on *offer VAT-free courses at what* are sometimes bargain-basement prices, but reaching a high standard of performance. The secretary of a private school *federation said:* "We have heard recently of a public sector school in the Southampton area giving courses for foreign students that works out at about *50p an hour for tuition*—nobody can match that, and the rest is down to the taxpayer."

But all is not gloom and doom *for the private schools.* In spite of the dark shadow of Vatman, they all report some good times. A few years ago there was a profitable Latin American market—mainly teenagers (but some businessmen) from Argentina and Brazil. The Falklands war ended the Argentinian connection and Brazil's economic problems did not exactly help. But recently there are signs that the Falklands dispute has receded into history and Brazil sees better times ahead and bookings from these two countries are taking off again, a development welcomed in view of the drop in students from the Middle East in recent years.

'Bookings from Latin American nations taking off again'

Other Latin American students come from Mexico and Colombia. One private school operator talked of young Colombians from a wealthy background given a 15th birthday present—a tour of Europe, which many are taking as an opporunity to learn English in Britain.

But the Latin American invasion is the cream of the business. The realistic market is the young European taking a summer holiday in England learning the language at a price of about £1,000 for a four week stay.

Another area which is showing growth, according to Jane Merrick of London's Regent School, is English for Special Purposes (ESP). This offers specialists—lawyers, technicians, engineers, for example—courses that concentrate on a vocabulary suitable for their profession. It means in most cases joining groups smaller than the normal language class and in many cases, individual tuition. This, of course, adds to the cost—you can add 25 per cent to the cost of a £780 course in business English taken as a member of a standard-sized group.

But most language school operators could see no light at the end of the VAT tunnel yet. "It is hard to talk to the Customs and Excise people. They don't seem to recognise what we're doing. They seem to class us as package tour operators, and after all, we're very much more than that."

The virtue of patience

That, says **Robin Lane Fox,** is the main quality needed when redesigning your garden

IF YOU plan to control or redesign your garden, seize the opportunity of the next six weeks. The ground is still wet, but is rapidly becoming workable as the frost draws it together. Most gardeners wake up too late; they revive with the warm weather in April when the chance for change has already slipped past. By then, it is a struggle to keep up with the changes of the plants themselves.

Big battles are won or lost *before true spring begins. Every* year, I try to have my changes in place by late March. I fail, of course, which is why we keep on trying, but the strategy is not at fault.

Garden design, an acknowledged expert once told me, is like seduction: the more you do it, the less it worries you. Perhaps you can judge both halves of this opinion, but the half which I can judge strikes me as mistaken. In the garden, changes become no less worrying with experience, because you have a greater awareness of what can go wrong.

You do, however, gain confidence in certain ways of looking at problems, and perhaps I can *explain some of them. Advice on* garden design tends to be either rather grand and general (Russell Page or Sylvia Crowe) or too specific to small gardens and prone to endless cataloguing. Personally, I have learned more from grandiose authors, whose advice can be scaled down, than from catalogues and small designers who cannot be scaled up. If the detail of a small garden-plan repels you, you cannot take away any further ideas from it.

As the season begins, I would like to recommend two virtues: boldness and patience. Often, a garden's problems begin with a feature which is too prominent *or in the wrong place. The* obvious answer is to take it out but that answer does not always apply.

The eyesore might belong to a neighbour: *the local council* could be preserving it; quite often, it began life as its owner's first effort at design. The right answer is not just to screen it, but *to flank it with* something emphatic and try to dilute its impact.

Recently, I have been grappling with the problem of a house which stands at an odd angle to its level garden, a very long pergola which ran diagonally across a broad square lawn, an ugly garage *tacked onto a house extremity* and one of those beastly little power stations which the Electricity Board drops on the edges of "private" village properties. All these problems stand at angles, in odd materials, but they can be blunted by taking their angle as inevitable and developing it boldly with surrounding planting.

The awkward angle of a house can be blurred by a big flying buttress of evergreen hedging at one side, running out into the *garden's plane. The pergola's* awkward entrance could be flanked by a formal zigzag of yew hedging, running gradually back to join the straight lines of *a nearby hedge;* even the power station looks better when flanked as well as screened.

The whole art of design is to *deceive the eye. The eye is a* very gullible customer, and the bold answer to a big blot is a big bluff. Do not be timid about a problem feature. Big building-*blocks of* green yew, box or the glossy Portuguese Laurel (prunus lusitanica) can distract from the impact of a horrible presence in the landscape.

Remember, too, that many types of tall shrub can be pulled over above head height to make an unassuming arch and open a different vista away from whatever you are hiding.

Boldness should also characterise the placing of the main planting. Too many garden plans begin by tucking their planting away among bound*aries, hiding it under trees or* tall fences which spectators will face head-on.

As a result, most gardeners want to know which plants will flourish under trees or in shade. They would do better to correct their design and rid it of agorophobia. Do try to run beds away from the main line of view so that you look down them, not straight at them. This sightline conceals seasonal gaps and allows you to appreciate contrasting shapes and heights: if possible, flower beds should not stare back at you like a theatre audience.

It is easier to plant in thin drifts than in square blocks or round groupings, not least because the changing seasons are then less noticeable. But you must be bold and not make the bed too narrow so that you can contrive several drifts across its depth.

Finally, a plea for patience. Do not be scared off by words like "slow growing." We are all planting too much which will rapidly *look like* disposable junk. Not just the quick-growing conifers but over-rampant climbers and rapid shrubs like coarse buddleias and too much *forsythia.* "*Slow*" *plants do* grow, and after 10 years you will bless the choice of a proper magnolia, yew or a developing tulip tree.

There is no particular merit in buying very big specimens of *such plants to start you off.* What matters is the root system below ground, more than the top growth *visible above.* Boldness, my first advice, might perhaps be shared by seducers but patience, a vanishing virtue, is one which gardeners should make their own.

Fertile ground for error

Arthur Hellyer discusses the use and misuse of fertilisers and warns that nitrates provide the best chance for something to go wrong

WHAT GETS fertilisers a bad name is their misuse. The quantities, except as water required by plants from the soil are very *small yet even tiny deficiencies* can produce dire effects. Let a cauliflower plant go short of molybdenum and in no time at all its leaves will be reduced to *a skeleton of veins as if pigeons* had been stripping them. Allow a sunflower plant to run out of boron and each growing tip will shrivel up as if a lighted match *had been applied to it*

Fortunately there are rarely any shortages in the soil of molybdenum or boron or, for that matter, of quite a number of *other essential chemicals such as* copper, zinc and sulpher, and I have been able to garden throughout my lifetime in various places and on very diffe*rent soils without needing to* use any of these.

What I have come across from time to time are shortages of magnesium, which produced very unslightly purplish brown patches between the veins of leaves, particularly of fruit trees and, more frequently, yellowing of leaves caused by shortages of manganese, iron or both. Rhododendrons, azaleas and some heathers are specially likely to show these symptoms since they are not very efficient at extracting iron and manganese from the soil. It is easy to add salts of iron or manganese but if the soil contains free lime it is likely that in a few days the *chemicals will have* changed into insolube compounds that are no longer available to plants.

It is a difficulty which chemists have overcome by producing special compounds of these two chemicals, known as chelated or sequestrated, which resist the action of the lime in the soil and enable plants to go on getting the minute quantities of iron or manganese they need for many months. As a rule one only needs to use these special chemicals in very small quantities in spring or early summer. Manufacturers prepare them in small packs and print precise instructions.

So it is not with any of these chemicals that gardeners are liable to go very wrong, nor is it stories about excess boron, molybdenum, iron or manganese in our rivers that make headlines in the press. As a rule these headlines are reserved for one set of fertilisers only, the nitrates because it is these that are likely to be used in greatest quantities and can be so highly soluble that they are readily washed out of the soil and into the ditches from which to flow on into streams and rivers.

Gardeners do not contribute much to this pollution since they do not use sufficient nitrates to make a really significant difference. It is the farmers who are the big users and therefore the big potential contaminators, but gardeners read about it and feel guilty.

In fact farmers are not doing themselves any favours by using too much nitrate. It is costly to buy and what goes into the ditches is simply money washed out of their pockets. The clever thing to do is to get the sums right, to use just as much nitrate as the plants can use fairly quickly and to apply it at the most propitious time. *With most granular fertilisers* this means in spring and early summer, when plants are growing at their fastest, and to apply the fertilis*er in quanities that the plants* can be expected to use in six to eight weeks or three months at most.

One of the clearest ways to observe the effect of nitrates is to buy a lawn fertiliser and spread it evenly over the grass some time between mid-April and mid-May using it at precisely the rate recommended on the bag. Within days you will see that the grass is becoming greener and is growing faster. *After* about a month these changes will slow down and by the seventh or eighth week may well have ceased altogether. All the additional nitrate has been used up and there is certainly nothing left to be washed into the rivers.

If it is still no more than mid-summer you could give a second application and repeat the peformance but it would be unwise to do this after mid-August because from that date onwards it is desirable that the growth of grass should slow down and the leaves become tougher in preparation for the stresses of winter. There is also probability that the late applications of any readily soluble fertiliser will not be used up and some will remain as residues sure to be washed away by autumn and *winter rain.*

It is possible to buy fertilisers specially prepared to reduce their rate of solubility. "Slow release," they may be labelled and for some purposes they can be very useful but the traditional mixtures based on ammonium sulphate, superphosphate and potassium sulphate have the merit of being *relatively* cheap and their use well understood. I have described a three part mixture for that is what most general purpose garden *fertilisers* are.

They contain nitrates, phosphates and potash since these are the chemicals most likely to be in short supply and also the three that have a most marked balancing effect on each other. The simplest way of expressing what they do is to say that nitrates promote growth of leaf and stem, phosphates growth of roots, and potash fruitfulness and ripening, but it is really more complex than that. Each tends to influence the others and together they make the ideal combination unless there are other, less, common deficiencies to be rectified.

Remember also that in summer there *may* be little rain to dissolve the chemical, in which case it will not be available to plants. Alternatively, there *may* be a thunderstorm and a deluge that will dissolve it all in a few hours and wash much of it away. It is in making miscalculations such as these that feeding with highly soluble chemicals can go wrong. With animal manures and garden compost it can take weeks for the chemicals to be formed and dissolved. That is both a safety line and a weakness since one has no *certainty* either as to the character or the quantity of the chemicals that are being delivered.

CHESS

THIS evening at 6.25, Channel 4 begins weekly televised coverage of the six-game speed chess match between Nigel Short, the British No. 1, and Gary Kasparov, Russia's world champion. Following Short's victory over Kasparov in Brussels and his emergence as the main Western hope for the world title, the series is keenly awaited and viewers are guaranteed some fascinating and dramatic play.

The programmes are aimed at a wide audience rather than just committed chess enthusiasts, and contain some novel features. Tony Bastable interviews both players at the start or finish of every game, there is a *running move-by-move* commentary, and the grandmasters wear black and white dinner jackets to match their chessmen.

Short's growing status has sparked a race among his contemporaries, who played against him a decade ago in junior tournaments, to become *Britain's next grandmaster.* The GM title is a difficult hurdle even for the strongest players. International Chess Federation (FIDE) rules require a would-be GM to play 23 games — which normally are spread over three *tournaments — at rating* performance of 2600, equivalent to world top twenty standard. At least one tournament has to be an all-play-all, a type of event now comparatively rare in Western Europe.

Four British players in their twenties, Flear, Hodgson, Motwani and Watson, now have at least one GM norm. Others, like Kosten and King who have been runners-up in strong events in Eastern Europe, could soon join them. Master-minding the operation is David Anderton, England team captain and the BCF's international director, who sifts through requests for players and arranges that opportunities go to those with *best chances of norms.*

There is a fruitful working agreement with the USSR, where the young British are respected since Short's surprise *1983 victory in Kasparov's home* city of Baku. Government funds, rarely mentioned in a chess context, play an essential part via DES grants of two-thirds travel *costs for BCF-nominated* competitors.

Current leader of the race to become our next GM is William Watson, 24, of London. Successes at Bor (Yugoslavia) and Brussels have earned two norms for his imaginative attacking play. Boris Spassky once described Watson's style as "like a drunk in charge of a machine gun" but now his tactical style is allied to wide theoretical knowledge, as in this brilliancy from Brussels.

White: W. Watson (England). **Black:** L. Gutman (Israel).

Sicilian Defence (Brussels Ohra 1986).

1 N-QB3, P-QB4; 2 P-K4, P-Q3; 3 P-B4, P-QR3; 4 N-B3, P-K3; 5 P-Q4, PxP; 6 NxP, N-KB3; 7 B-K2, Q-B2; 8 B-K3, P-QN4; 9 B-B3, B-N2 *(P-N5 may be better)*; 10 P-K5, PxP; 11 BxB, QxB; 12 PxP, KN-Q2; 13 0-0; NxP?

Diverging from the book N-QB3; 14 NxN, QxN; 15 Q-R5 which slightly favours White, Black goes for a risky pawn snatch.

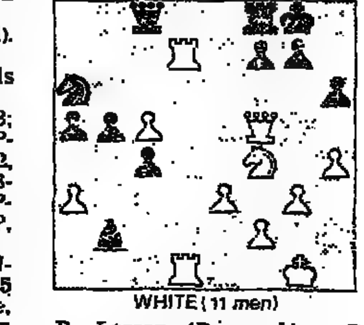
14 Q-R5, N-N3; 15 Q-R3, B-K2; 16 RxP! P-K4.

If 16 . . . KxR; 17 QxP ch, K-K1; 18 N-B5 (threat N-Q6 ch), Q-Q2; 19 NxP ch when if K-B1; 20 R-B1 ch or if K-Q1; 20 R-Q1. Instead, Black puts a second white piece *en prise.*

17 RxB ch! QxR (NxR; 18 N-K6); 18 N-B5, Q-Q2; 19 N-Q5, Q-Q2; 20 NxP ch! K-B2 (if QxN; 21 Q-K6 ch); 21 R-B1 ch, N-B5; 22 RxN ch! PxR; 23 Q-R5 ch, KxN; 24 B-Q4 ch, K-B1; 25 B-B5 ch, K-N2; 26 Q-N5 ch, K-B2; 27 Q-B6 ch, Resigns. Mate follows, a suitable reward for White's five-piece sacrifices.

PROBLEM No. 660

BLACK (11 men)



WHITE (11 men)

B. Larsen (Denmark) v P. Large (England), Foreign & Colonial Hastings international 1986-87. Larsen (White, to move) *is rook for bishop up,* but two pawns are attacked while Black's queen's side majority is poised to advance. How should the game go?

Solution Page XXI.

Leonard Barden

Eton alive...

Treasure Trove

Anthony Greenstreet in the first of a series about fascinating but lesser-known museums

Eton boys outside Lord's in 1937

DO YOU sometimes wonder if life would have been different if you had been educated at Eton? Would it have eased your path to the boardroom table, the underwriter's bench or the City feast? More plausibly, might not your perceptions of life have been enriched, if formed in that setting of old traditions and lovely buildings beside the River Thames?

Such fantasies can be indulged at the Museum of Eton Life, which opened in 1985 in a brick-vaulted College brewery storeroom. Its brochure states that the Museum "endeavours to show how the School has fashioned the Founder's ideals of 'religion and sound learning' over five centuries." There is more fun in it than that.

Here is a magnificent silver-gilt-mounted coconut loving cup, given to the College in 1492. Nicholas Udall, headmaster, must have drunk from it. His reign ended in 1543 when, having charged two pupils with stealing College plate, they countered by securing his conviction for unnaturally assaulting them. The offence was capital — but he escaped with brief imprisonment, followed by demotion to the headmastership of Westminster School.

Less lucky was scholar John Greenhall, who could have used this 16th century lead inkwell. Leaving Eton in 1576, he became a highwayman, was caught, "*hanged and dissected*."

A still more dramatic fate awaited Francis Verney. After poring over contemporary Greek textbooks displayed here, he left Eton in 1600 aged 15. In his next (and last) 15 years he became successively an English knight, a mercenary of an Emperor of Morocco, an Algerine corsair and a Sicilian galley slave.

Here is a print of Long Chamber, a squalid dormitory in College where for several centuries 70 scholars of all ages were locked unsupervised at night. Recollections of it varied. Edward Thring wrote: "Who can ever forget that knew it the wild, rough, rollicking *fun of that land of misrule*, with its strange code of traditional boy-law, which really worked rather well so long as the sixth form were well disposed and sober?" — a qualification that evidently counted for much.

Charles Simeon declared he would rather murder his son than let him see what he had seen in Long Chamber. Life here was hard indeed. In 1826 a Dr Oakes satisfied an insurance company about his health merely by stating he had slept in Long Chamber for eight years. Rat hunting after lights out was one of the more innocent pursuits—boys trapped the rats in stockings baited with mutton bones. This was the only thing that Richard Porson, a great Greek scholar of the 18th century, recalled with pleasure of his Eton schooling.

The black humour inspired by such conditions is caught in a note of "Remarkable Occurrences" left by an anonymous 18th century Etonian:

"Dr Ashton falling into a fit while reading the morning service on a Sunday, by which the boys to their great joy were sent out of Church.

"Piper's gun bursting in Coxe's hand which in consequence was amputated.

"Dr Barnard cutting off Hare's pigtail in Hall, with a greasy commons knife.

"Kent's dying of the scarlet fever, by which all the boys got a week's holiday.

"Onslow flogged 12 in the middle of school, for running away."

Here is the wooden kneeling block on which flogging was administered. Nearby is the great black hat of tiny Dr Keate, most famous of all Eton's flogging headmasters. He believed that only incessant birching could keep the early 19th century college from anarchy. Once he beat 100 boys in a day — 1,000 strokes altogether. On this block he flogged a line of Confirmation candidates — mistakenly thinking they had been sent to him for punishment.

Sport is exhibited here—with accounts of the origins of Eton Fives, mysteries of the Wall Game, and the pageantry of the Procession of Boats. Here is the scorebook of the first Eton v Harrow cricket match in 1805. Lord Byron, playing for Harrow, scored seven in the first innings and two in the second. Typically, he told a friend he had scored 11 and seven.

School life today is illustrated with a video, "Eton Summer." It is backed by Boating Song—a great favourite for broadcasting factory music in the 1940s (its rhythm set a good production pace).

The video shows an Etonian's last summer term — work and exams, rowing and cricket, the Fourth of June, acting, parties and dinners. The abiding impression is of great fun. As William Cory (author of the Boating Song; poet and 19th-century Eton pupil and master) put it: "The life of the last summer month at Eton is probably as happy as any kind of life."

Cyril Connolly, a 20th-century literary Etonian, believed indeed that life was never so good again: ". . . of many of the boys I knew at Eton, I can say that their lives are over. Those who knew them then knew them at their best and fullest."

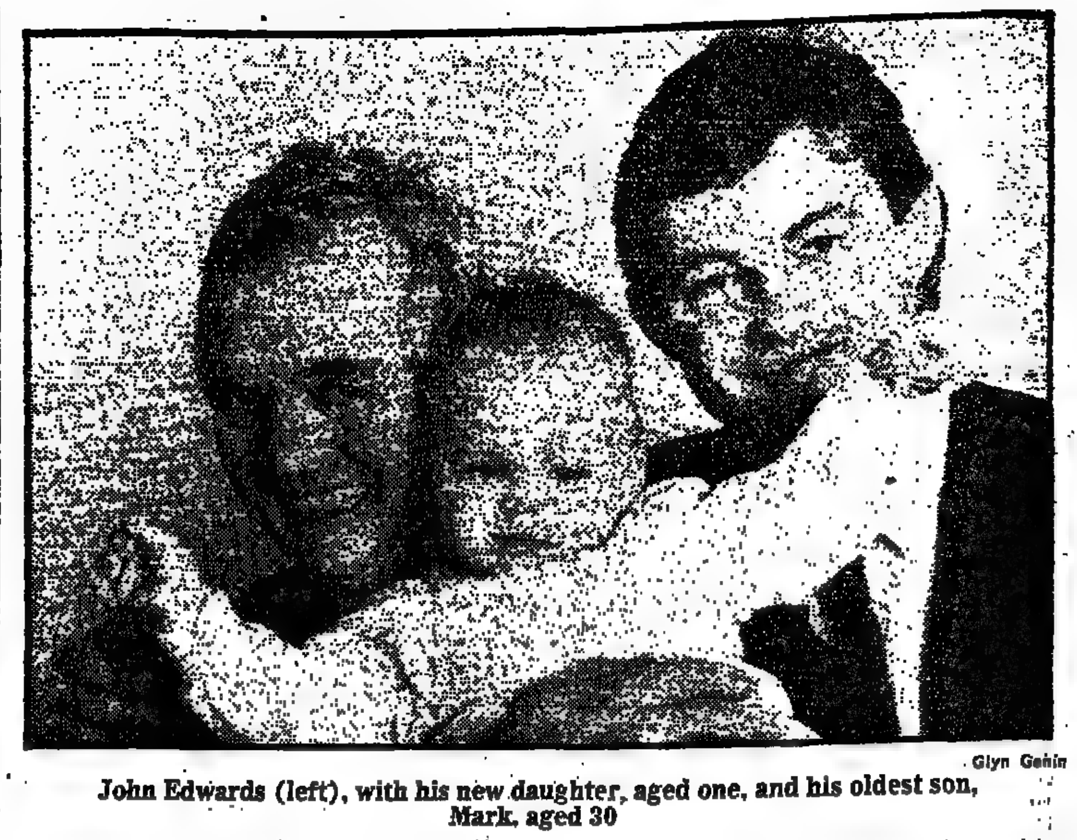
That can hardly be typical. But many old Etonians, perhaps glimpsing the grey water at the bottom of King William Street in the City of London, and recalling sunlit Windsor stretches of the Thames, would probably grant that Cory hit it off when, on leaving Eton, he wrote:

"Oh Thames! my memories
bloom with all thy flowers,
Thy kindness sighs to me
from every tree:
Farewell! I thank thee for
the frolic hours,
I bid thee, whilst thou
flowest, speak of me."

The Museum of Eton Life is normally open 14.00-17.00 hours in term-time and 10.30-17.00 hours in the holidays. For precise information telephone the Custodian, Eton College, Windsor (0753) 863593.

Fatherhood: John Edwards re-enters the parental fray after a thirty-year break

Nappies, nannies and more money



Glyn Genin

John Edwards (left), with his new daughter, aged one, and his oldest son, Mark, aged 30

"YOU MUST be mad" was the politest reaction when I announced about 18 months ago that I was to become a father again after a gap of nearly 30 years.

Most comments from male acquaintances cast doubts over my virility ("Didn't know you had it in you," or "How did the milkman take the news?" and other such coarse pleasantries). But there was also an undercurrent of admiration and envy. Female reaction was much more sympathetic, if slightly disapproving.

So on my new daughter's first birthday, how does it feel to be a father of over 50 and what are the main changes over the past 30 years?

The short answer is: nannies and nappies. First of all, nannies. My first three children *were born when I was young*, earning relatively little and certainly unable to afford a nanny. Indeed, we were living in a small flat at the top of my mother's house at the time and, with hindsight, I am amazed at how we coped.

A nanny (preferably living in) I now know makes all the difference and if you are my age I'd say it is essential.

Not that they don't sometimes cause problems. Almost everyone has a nanny story. We have had three in the space of a year. The first, whom we *found* by advertising in The Lady, was a lass from Yorkshire, who found the strain of looking after a baby too much and kept bursting into tears at her inadequacy. We helped her find a more suitable job as a caterer for a big store.

The next incumbent was a "character." She interviewed us and deigned to take the job. She was large (taking size 28, yes 28, dresses) and had an hysterical laugh chillingly reminiscent of the first Mrs Rochester. I disapproved from the start, fearing massive food *bills and extra female bullying* in the house. But she survived until she made the mistake of accusing my wife of "interfering" with the baby.

All is well now. Using an agency (at horrendous cost) we found just the right girl and everyone is happy. Using the right mixture of firm discipline, and loving care, the sleepness nights are now down to a minimum.

Being older, having a larger salary and a wife who works part time is a real blessing. You don't have to worry, as I did first time round about how much everything costs. Anything we need, we buy.

But the biggest, most welcome, change is disposable nappies. After 30 years I can still recall the hassle involved in washing, drying and dealing with the endless conveyor belt of nappies. Indeed, I still have the scars of where I selflessly jabbed myself with the safety pin while trying to fold and fit nappies on a struggling child. Now I even volunteer to change the nappy on occasions (when I need to earn brownie points); it is so simple and the dustman deals with the disposal problem.

I haven't dared to work out just how much extra disposable nappies cost, because I don't need or want to. They are simply a major advance in looking after babies. Technology may have improved but the health service hasn't. The hospital (St Thomas's) where Penelope was born seemed to be suffering hard from the spending cuts. Although she was born fairly early in the morning, at 9 am, the hospital had already run out of the day's meagre supply of suitable swaddling clothes needed to keep the baby warm and an old towel had to be pressed into service.

The staff, particularly nurses and doctors, seemed to be just as rushed as they were 30 years ago and *the surgeon who did* the Caesarean said the hospital was in a permanent state of crisis—on a war footing, as he put it.

There were discernible changes in attitude, however. In 1956 fathers tended to be treated as a nuisance; they were discouraged from attending the birth and their role confined to visiting hours at the prescribed times. The babies were subject to a strict routine of four-hourly feeds and were woken up if necessary, even if they had just fallen asleep.

Nowadays everything is much more relaxed, and fathers are actually encouraged to take an active part. For my part, being very squeamish and with no desire to see the birth or to film it to show to friends later, I think it's all gone too far.

In spite of great pressure I took advantage of my advanced age, and resolutely refused to attend the birth. Fortunately, when my wife turned out to ned a Caesarean I was allowed to retreat honourably (presumably in case I fainted or had a heart attack).

But in a way the waiting seemed worse. Trapped in the hospital at crack of dawn, nervously awaiting news from two floors below, there was nothing to divert me except Breakfast TV—an experience I never want to repeat. Once safely home, *after being able to visit* the hospital at almost any time, there was another change of attitude to cope with. Back in the 1950s, pre-Esther Rantzen, most mothers breast-fed their babies in private unless they were very avant garde or leftish. Some of my older male friends' attitudes were still stuck in the 1950s and I could see some embarrassing moments coming up.

With the help of my brother-in-law, I evolved a simple yet effective technique for dealing with the problem. My first question to *bewildered visitors* was: "Are you a Guardian reader?" If they replied yes or murmured something about liking the old Grauniad, there was no problem in confronting them with a doting breast-feeding mother. But if they viewed being accused of reading the Guardian as some unspeakable slur, and pledged support for the Daily Telegraph, Daily Mail or Daily Express, they had to be steered elsewhere. FT and Times readers were a bit more tricky — a few supplementary questions were required.

Once the baby stage is over, I view with some trepidation the wide age gap (a teenage daughter when you're nearly 70 years old must be difficult). I well remember with my first family, disapproving of the Beatles strongly on the grounds they were too noisy, and showing some anger when my son woke me up to tell me the world-shattering news that Elvis Presley (who he?) had died.

Nevertheless, there are a lot of compensations. Having young children when you can afford them is a real pleasure. I am a *doting* father—probably too doting—and I am looking forward to the golden years when children still do what they are told without question. Then there will be the pleasures of re-reading Winnie the Pooh, going to children's films and plays, having an excuse to buy toys and games.

I have probably provided the best answer as to whether I like being a father again at over 50. Another baby is due at the end of April and I haven't been carried away yet by the men in white coats.

Archaeology

When it's shake, rattle and roll

Gerald Cadogan describes how earthquakes are giving clues to the past

WHAT do you do in an earthquake? They are terrifying events. Houses suddenly shake and fall down. Windows dance before your eyes. The birds are quiet. Get out of the house fast was the traditional advice.

That has changed. Now on page one of the telephone books in Greece you are told to stay where you are. If you are outside, keep in the open. If inside, get under a strong table or an interior doorway. Do not use the lift. If you run out or in, falling masonry may hit you.

In about 16/ BC three people in Crete were hit by masonry in a shrine on the holy mountain of Iouktas south of Heraklion and Knossos. One may have been escaping. Dr Yannis Sakellarakis found them all, and a fourth person who had just died as a sacrifice on an altar, in the collapsed building. A young man, he had been offered to appease the gods. In later times, the god Poseidon was known as the Earthshaker.

It was probably the same earthquake at Knossos a few miles away that brought large blocks of stone crashing down off the south front of the Minoan palace into a house just outside — the House of the Fallen Blocks, Sir Arthur Evans called it. The blocks are still there. For people in the house the collapse of the palace above them would have been as grim and overpowering as the slide of the Aberfan coal tip. But no bones were found.

Italians, Yugoslavs, Greeks, Romanians, Turks and Iranians know too well about earthquakes to need these reminders from their forebears. But they are valuable for archaeology and science. Seismologists can explain what happened to the ancients. And the old quakes, with datable evidence preserved, add to our knowledge of how earthquakes behave, and may even help to predict when they will come next.

S. C. Stiros spoke about earthquake damage to graves and mosaics at a Science in Archaeology meeting at the British School at Athens last month. Some cemeteries of cist graves —earth graves lined with stone slabs—have the slabs stove in at the middle of the long sides, like an hour glass. Careful measuring will show the direction of the force, and the likely strength and epicentre. Archaeology will supply a date.

Earthquakes accompanied the great volcanic eruption of Thera (Santorini) in the Aegean, which made a prehistoric Pompeii of a rich town and blew volcanic ash over Crete. Several archaeologists have claimed that this magnum force caused the disasters that hit the Minoan towns, palaces and country houses of Crete in the 15th century BC. But the evidence is thin. The ash that left Thera may even have been no more than a top dressing in Crete—as fell at Spokane at a similar distance from Mt St Helens in Washington state. It could have improved the fertility of the soil if raked in.

But when was the eruption. The usual 1500 BC is a conventional date for the latest pottery found in the town. Vulcanologists assume that the eruption was a single huge event of 24 hours to a week, which followed earthquakes that made the inhabitants leave.

If it was one event, it should be fairly easy to produce radiocarbon dates from the organic matter left in the town. Seeds help most, as they have a short shelf life. (Building timbers may have been cut a century before the context they are found in.) But the Thera carbon dates have been difficult, perhaps as a side effect of the volcano or for some other reason that has not been found. When adjusted on scales made from tree rings whose carbon dates do not match their real — countable — dates, they have gone far back, to the 17th century BC.

Professor M. J. Aitken of Oxford, the first and only archaeological scientist to become an FRS, changed the picture. He had averaged the seed dates and adjusted them to the most recent scales, published in Radiocarbon in November. This made a 68 per cent probability of a 1620-1510 BC date and a 95 per cent probability of 1640-1510 BC. Archaeologists can cope with a shift like that.

The new date seems to agree with curious frost damage found in the rings of the bristlecone pine in California and tentatively put at 1626 BC. The frost means a cooler climate that year. Dust in the stratosphere coming from the eruption of Thera could have caused it. We know from studies of atom bomb tests of the 1960s that particles from such mighty explosions are blown around the world in a few months. Study of the dust from Mt St Helens confirmed this.

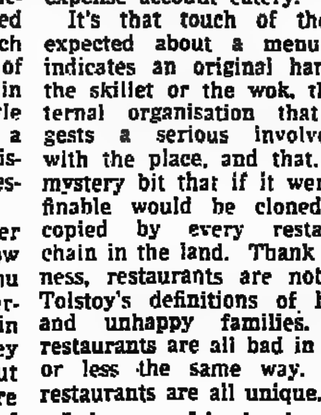
So scientific archaelogy moves forward, combining old and very new. Another of its themes is analysis of artefacts for materials and technique, to see the skills and trading of early societies. For instance Professor G. J. Varoufakis showed that some Minoans had lead as an alloy with copper instead of tin, which came from far away and must have been expensive and have run out at times.

P. M. Day, studying the clays of Knossos to see what was used and how far the potters trekked to get it, had a good way to find the Minoan's sources. Go to a village and ask the old men where the *lepida* came from — the sticky clay used for roofs before concrete. Then take a sample. Analysis will show if the Minoans knew the source.

Who were the Minoans? P. J. P. McGeorge gave them an average height of 5 ft 6ins (1.6767m) for the men, and 5 ft 1 in (1.546m) for the women. Average life expectancy was 30.2 years, the men making 35. Women with an average 28 years did not live longer because of the stresses of pregnancy, childbirth and lactation. But a few survived all that and lived beyond 45. Even so, living conditions in Bronze Age Crete seem to have been better than on the Greek mainland.

Food for Thought

Slaves to Britain's debased taste



WHAT IS it about a restaurant that makes you want to try it and not its fellow up the road? What makes that subtle combination of ingredients to lure you across the street and go in, or shy away like a startled horse?

A few years ago I stood outside the steamed up windows of a now, alas, defunct cafe/restaurant in Leather Lane in London. The sign outside carried the name "Maypole" and the uncompromising subtitle "English Restaurant." In some respects it looked no different from a thousand other places, but was there something about that subtitle? I peered in.

My eye was caught by two vast joints of meat being carved on the counter. The beef was rare, the pork looked moist and succulent, and there, on the blackboard that served as a menu, I read "Pudding of the Day: Sussex Pond." I knew that I had found a rare oasis of traditional native culinary civilisation, and so it proved. The pork crackling was properly cracked, the vegetables were crisp and crunchy, and the puddings confirmed that the pudding was, indeed, Britain's major contribution to higher gastronomy.

But there is no disguising the fact that I was extremely lucky. The trouble is that England is one of the very few countries where the outdoor eating habits of its inhabitants rarely offer a guide to the excellence of its eating places.

In any country where eating out is taken more seriously than it is here—and that's just about everywhere—all you have to do to find a good lunch is to follow the example of the local workers. The chances are you will end up well-pleased and well-nourished, and not unreasonably out of pocket.

Try *the same trick here*, and most likely you will end up with a meal that, at best, will leave no trace at all, except upon your wallet; or at worst, will stick in your throat and memory.

We have debased our national taste. We accept things in restaurants that we would not tolerate in our own homes. We have become slaves to fast food and to second rate slop. We pander to pretentious pap. Convenience is the king.

I exaggerate, but not too *much*. There is a wealth of excellent restaurants and cafes, hotels and tea rooms. They are written up in newspaper columns, listed in hotels, and their names passed on by word of mouth.

But there comes a time when you are in a strange part of the country; it's lunchtime; and you are hungry. You remember too late that you lent someone your food guide, and that it was never returned. There is no friendly, informed mouth to point you in the right direction, and the part of Britain you happen to be in has yet to be discovered by the food columnist on your favourite newspaper. Desperate, you look around.

It's easy to tell which places to avoid. We've all come across those restaurants with menus a yard and a half long and papered with credit notices.

No doubt you've shuffled past those newer eateries reeking of *designer chic*. These erect a barrier through which you cannot pass unless you can compose yourself with the same modishness with which the food is composed on the plate.

There are also those gloomy hotels which could very well have provided the set for the Psycho film, much favoured by parents taking their sons out from school. They still haunt my dreams. Spotting the places you don't want to eat in is pretty straight forward, but time is running on, and hunger grows. Recently I found myself in Acton with this problem very much in mind. I don't know why but the Old Peking made me pause. It could have had something to do with the red painted panelling above the door which somehow evoked thoughts of restaurants in China seen in photographs. A French-style chart of opening hours added a touch of order that seems to distinguish good family-run restaurants in France.

On the menu, amid the clutter of sweet and sour this and chow mein that there was mu shu pork, pang pang chicken, aubergine in garlic sauce, mandarin prawn—nothing in the monkey brain or bear's paw league—but enough to indicate a more original and interesting style of cooking than one might reasonably expect to find in Acton. Certainly, it was sufficiently unexpected to warrant further investigation.

The *inside* reminded me of the way Chinese restaurants used to be—mysterious places with flock wallpaper, and there, at a corner table was a large Chinese family—a bubbling cauldron of children and adults. This was the final clue. The Old Peking is a family restaurant which in addition to the conventional repertoire demanded by the British provinces became fashionable in London.

The chances that there is an Old Peking around every corner are slim, but it is in all our interests to be able to recognise them when you do come across them, as it is to avoid the designer's diner and the expense account eatery.

It's that touch of the unexpected about a menu that indicates an original hand on the skillet or the wok, the internal organisation that suggests a serious involvement with the place, and that, well, mystery bit that if it were definable would be cloned and copied by every restaurant chain in the land. Thank goodness, restaurants are not like Tolstoy's definitions of happy and unhappy families. Bad restaurants are all bad in more or less the same way. Good restaurants are all unique.

I have a friend who once lived in Sloane Street. One morning he discovered that a new sort of cafe-restaurant had opened in the block of flats in which he lived. Hungry and inquisitive, he decided to investigate, and was pleasantly astonished by the standard of the thoroughly French food provided.

"Who was responsible for this small miracle?" he inquired. Two French brothers, came the reply, Albert and Michael Roux. The cafe-restaurant was the embryonic Le Gavroche, and I think you know the rest of the story.

Peter Fort

Fiddler on the roof

DAVE IS not bothered about the Budget. He can take or leave Roy Hattersley's plans for tax reforms. Mainly he leaves them, as he does the rest of the tax scene. He has a different vantage-point from many of us (on a roof, chiefly—he is an excellent roofer).

He shares just one belief with supply-side economists: "I think taxes are a bit high, actually." He has a unorthodox approach which has no need of accountants, lawyers or off-shore avoidance schemes. "I can't see an advantage to paying taxes." So he doesn't.

Although the Inland Revenue is beefing up its Hit Squad in order to cast light on the Black Economy, Dave would never stoop to falsifying his returns; he makes no returns at all. He explains his Alternative fiscal policy quite simply: "The only difference between paying tax and not paying tax is that if you pay up, there is less money at the end of the day."

And another thing: "It's not just the tax itself, you have to pay an accountant and so on."

It is to this happy (so far) state of affairs that he owes his competitive edge. "If you have, like me, no overheads, you can offer a price of £250 or £300 for a job instead of the £500 quoted by a legitimate company, which may not even be a large firm but just a small builder who keeps his books." If everyone was foolish enough to pay their taxes, continued the Black Economist, the building trade in general would price itself out of much of the market.

This might seem like special pleading but it is a view supported by *Off the Books—The Rise of the Underground Economy*—by Philip Mattera (*Pluto*). Dave has not read it but he would agree with its conclusions: "It is a mistake to assume that concealed income could, to any degree, be captured and subjected to taxation. Much underground activity takes place precisely because it is free from taxation, otherwise it would cease to exist."

Off the Books takes the line that the "regular" economy does not offer sufficient work to take up all those engaged in the "informal" economy: "In other words, the underground *economy has been serving as a* kind of cushion against the full impact of the above-ground economy. To eliminate these jobs—since most of them would evaporate if subjected to full taxation and regulation—would swell the ranks of the unemployed and pontentially contribute to social unrest."

Dave does not quite see himself as preserving the nation from fighting in the streets but he is more than simply a fiddler on the roof. "I wouldn't mind paying taxes if I felt they were going to some reasonably good use, if the money wasn't going to stockpile cruise missiles. I think that the less money these governments have, the less harm they can do."

Unfortunately, he does occasionally find himself trapped into making contributions to the state's bank balance, when he carries out sub-contracting work for a company which is eccentric enough to stop a third of his cash for tax. "It breaks my heart. Still, you're then given an SC60 receipt for the tax that's been deducted and if you do this enough you've got enough certificates to make it look reasonable to the taxmen. I know people who don't pay anything at all; I feel like a good citizen."

His finances, unlike his roofs, are not watertight but he does what he can. "I do actually keep books but I never show them to anyone. I've *somehow* managed to keep them so that they look quite legitimate." He may one day need all the legitimacy he can get: he has begun to receive the odd letter from the Revenue.

To Philip Mattera, irregular earnings can represent "a struggle for change and a search for an alternative way of life." Dave, the underground roofer, states: "I feel good about it. They're not getting my money."

Jonathan Sale

Motherhood: it might be the hardest work of all but modern aids ease the load

Lessons from the nursery slopes

Lucia van der Post

HOW TO SPEND IT

FASHIONS in births and baby-care swing about more recklessly than any bull or bear cycle you care to look at. Asking the right questions ("Did you have an epidural?" Did you breast-feed on demand?" "Did you use a Babygro?") is as accurate a way of gauging age as any form of carbon-dating.

Take the 1960s when I was a brand new mother—we were all in our (very) early 20s. (In those pre-pill days none of us quite got the hang of putting it off until our careers were properly under way.) Not that we had careers really—just jobs that brought in some money: they were all right as long as they caused no bother and you didn't talk about them at dinner parties.

We were all (this makes us sound like dinosaurs) actually married. We hadn't realised (this shows how slow we were) there was any alternative.

Our equipment, too, was pretty antiquated. We didn't have a washing-machine (until John Bloom of blessed memory came along they were about as out of reach to a struggling young couple as a car telephone today) but because I worked we did have a nanny.

Now, many a working girl has a nanny to look after the children but in those uncareer-minded days it looked a bit upstage, particularly as she liked to wear a uniform and insisted on an old-fashioned carriage-sprung pram to wheel the children about.

Today, Mothercare, Babyboots and Marks and Spencer seem to rule today's nursery scene. The streets are full of baby buggies, of nannies looking indistinguishable *from young mothers*, of children dressed uniformly in Babygros.

The hot competition means that prices are good and that you will be able to find whatever you want in wipe-clean, fully - washable, brightly-coloured artificial this or that. If you're after a slightly more individual look—old-fashioned wool, plain cotton, sober colours—you may be in trouble. But when it comes to practicality today's nursery wins.

Helpful ideas proliferate. More useful as a present than the traditional bootees is a Baby Fleece of soft, treated lambskin. They are recommended by the Natural Childbirth Trust and several friends rave about them. The fleece is used instead of a sheet; it's warm in winter, cool in summer, fully washable and babies come to regard them as a security blanket. Prices range from £24.75 for the smallest to £30.75 for the largest. Write to Winganna Natural Products, St Ishmaels, Haverfordwest, Dyfed, SA62 3DL (telephone 06465 403).

Carrying things home after shopping is a big problem for new mothers who have more than enough to do anyway. Nappy services are a great boon. In some areas enterprising housewives buy them wholesale, slap on a mark-up and deliver them themselves. Boots will take a monthly order and deliver its own brand to your door, as will Mothercare. John Lewis and Peter Jones will deliver either Pampers or Peadouce once a month to account customers.

In the south-east (and expanding fast) there is a home delivery service run by an outfit called Tender Years. It doesn't sell anything too exciting but will bring to your door all those boring essentials like disposable nappies, cotton wool, talc, baby fruit juices and the like. If you're interested, ring Tender Years, of 41b, High Street, Hoddesdon, Herts (0992-446543) for the name of your nearest rep.

If you have one of those babies that never seem to sleep at night (72 per cent of babies, apparently, are afflicted with persistent crying) try the Lullababy Rocker and Tape. The Rocker was devised seven years ago by the Owens, whose own new-born daughter nearly drove them to baby battering—instead they made the Rocker and all was well—it is rather like a hammock which you hang from the ceiling and into which most brands of crib and cot will fit. You can find it in John Lewis of Oxford Street, London, or by mail from Lullababy, Kings Thorn, Hereford, HR2 8AH (£19.50).

Electrical godsends

CHRISTINE ELLIOTT, former fashion editor of Brides magazine and now a freelance fashion stylist and mother of one-year-old Charlotte, is in no doubt that the three most vital things the new mother needs are, a fully automatic washing machine, a washing-up machine (in *my* days they were still a quite extraordinary luxury which I thought only the truly idle could possibly require) and a maternity nurse.

"They seem expensive at about £100 a week," says Christine, "but they do seem to know it all. I had mine for five weeks though she told me that usually she could get her ladies organised in three weeks.

"I didn't buy too much before the baby was born, partly because it seemed tempting fate and partly because I knew the maternity nurse would fill me in on what I really needed. I did buy a nice plain white Mothercare kit for sterilising bottles and she went straigt out and changed it for a Maws version. It's in hideous orange but apparently has a better floater for keeping the bottles under water.

"Could Mothercare make a better floater or could Maws make one in nice plain white?

"I wouldn't dream of using old-fashioned nappies—all those buckets always full of soaking towelling—disposables are a Godsend but there's only one make that has thought the problem out—Peaudouce. All the other makes have two rows of elastic round the legs but Peaudouce has four. This means that when you have a really dramatic nappy they don't seep at all. They probably cost me about £10 a week but are well worth it. I'm sure I've washed far fewer sheets and trousers because of them.

"I didn't buy a pram until we got home and though some of my friends have inherited big high, old-fashioned prams which are marvellous for putting a baby in to sleep in the garden, nannies these days beg you to buy a light one. I wouldn't advise anybody to buy a pram that turns into a buggy later. It may seem like a saving at the time but they are much too heavy.

"It may seem extravagant to buy a pram and then a buggy but you will probably be able to sell the pram onto somebody else as I did. The Mothercare range is splendid.

"We live in a tall London house so I find a Moses basket which I keep downstairs where I work very handy—I can just put Charlotte in it to sleep without having to go all the way upstairs.

"It's hard to find plain some nice plain grey shorts wooden cots so I bought a pretty white one and I found an old-fashioned plain wooden high-chair (which my nanny thinks is dreadful) at The Nursery, 103 Bishops Road, London, SW6, which has lovely old-fashioned things.

"For clothes I tend to be rather snobbish and I don't like most of what I see at Mothercare—it's full of artificial fibres. They do some quite nice Babystretches but why do they have the opening at the back instead of round the crutch? It means you have to more or less undress the baby completely to change the nappy.

"I don't like the range of sleepsuits on offer either—they all seem to be made completely of plastic, so I got my dressmaker to make some up in a Viyella/cotton mixture and they look much nicer. Otherwise I buy a lot at Peter Jones. Today we are after her first pair of shoes and I'm off to Gillingham's (at 365 Fulham Palace Road, SW6) where they stock the best ranges and fit the shoes properly.

"Finally, a lovely gadget for a new mother—I've just got one and I'm mad about it—is *the Black and Decker Duster* Buster (£26.75). It's cordless and sits in a little charger and I use it to scoot around under Charlotte's beastly high-chair scooping up all the rubbish she throws over."

Wardrobe complaints

ALISON LLOYD is the designing half of the Ally Capellino fashion label and her son Hamish is now two. She, like Christine Elliott, plans to keep working and her young nanny looks after Hamish and his cousin Hector, just six weeks older.

She didn't bother to buy a pram but waited until Hamish was old enough—about 3 months—to go into the double buggy that now transports the cousins about.

As you might expect from a fashion designer Ally isn't much enamoured of much of the standard fare proffered by the well-known baby-clothes names. "Mothercare don't *seem to take any notice of* the fact that babies wear nappies and you can't get the trousers over their bums. Then the fabrics are nearly all synthetic and I don't like their colours—they're all either pastels or bright primaries. I like dark colours and nobody seems to do them for babies.

"I find British Home Stores is better than Mothercare—it's a little cheaper but more importantly the designs are more down to earth.

"I've found, for instance, there. I sometimes find things I like *in* Benetton — jeans, trousers and sweaters but they do tend to be a bit over-cheerful and they don't really start at 0 — 2½ seems to be the smallest size they cater for. I sometimes see nice plain well-cut cord trousers in Cacharel but on the whole I find children's clothes are either too meanly cut and too cheap or else over the top and made of velvet and hand-smocking and such-like. It's impossible to find anything in a good plain school sock brown.

"I'd like eventually to do a children's range and to provide just plain, straight forward clothes in good colours, well-cut and well-made with not too much jollity about them."

Alison Lloyd of Ally Capellino with Hamish

Christine Elliott with Charlotte

Grandparents to the rescue

DEBBIE RASLAN'S son Jake was born 13 months ago and she looked after him herself for *the first 10 months.* Now she shares a job at Nalgo and uses a local child-minder (recommended by a colleague) to look after Jake while she is at work.

"She charges £1.50 an hour and I'm really very lucky. My child-minder is very good but nothing is absolutely ideal. She is close to home and as she looks after four children he gets quite a lot of socialising with other children — sometimes I think he gets too much.

"As Jake was a first grandchild to two sets of grandparents we were lucky. One set gave us the cot — we bought one for just under £100 including the bedding in John Lewis' sale — and the other gave us *the push-chair. We have eight steps leading up to the house* so I wanted something light that I could carry. We chose a McLaren Dreamer — which cost £64 from John Lewis — and it is perfect. Jake could lie flat in it and sleep when he was small and now it converts into a pushchair.

"The sort of things that are useless are all those little bootees people give you—babies nowadays never wear them. The vests that open up and fasten with little ribbons are equally useless—the best ones I've found are the body-vests from Mothercare which have poppers that fasten underneath.

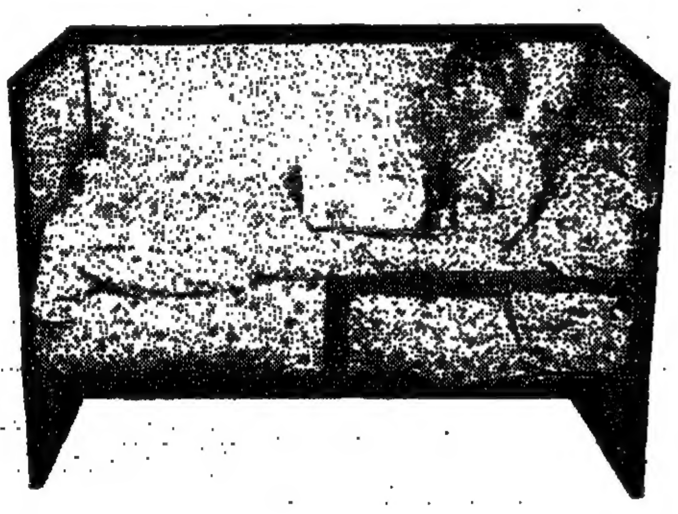
"The most useful garments for small babies are all-in-ones that open right down the leg. Mothercare's are terrible—they look sweet but don't open up in the right place. Marks and Spencer's are excellent but they've only just started doing them for newborn babies—when Jake was born they only started at about six months.

"I like the clothes at Baby Hennes very much—they don't wash particularly well, it has to be said, they are more of a fashion item but they come in lovely colours, not just pastel blues, pinks and creams. I've spotted a few nice things for summer at British Home Stores and like to keep an eye on what they're doing.

"In the early months we used a sling constantly—Jake was a very colicky baby and it soothed him to be carried.

"The best toy is a bucket of huge lego bricks—he can't buil dwith them yet but he loves them."

THE CHIEF design problem facing those creating for the mini-set is the fact that they grow all the time. Old-fashioned nurseries were littered with discarded outgrown bits and pieces. This was all very well in Victorian times when there was a steady supply of new arrivals to take over the high-chair, the play-pen et al. Today, a new approach is required. Gotarsa devised a splendidly plain beech-framed cot that turns into a junior bed that turns into a small play area that turns into a desk that turns into a cot again. Sturdy, well-*designed, useful, it is £99.95* by mail from Abracadabra, Fulwood House, Portsmouth Road, Petersfield, Hants GU315 AL.



Left

IF YOU don't happen to have a grand christening robe in the family, Heirlooms of 16 Amberlands, Backwell, Avon BS19 3LW (tel 027583 3067) makes new christening robes to old-fashioned standards. All hand-made in traditional designs, they are made from fine cotton lawn and pure silk, trimmed with broderie Anglaise or Nottingham Weavers lace. Some are available at Liberty or write direct to Heirlooms. Prices start at £95.

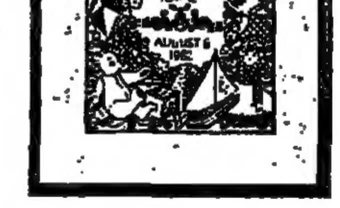
Right

Envelope-neck vest in warm Thermolactyl fabric—in other words a thermal vest for bobies in chilly houses or out *for bracing walks.* Damart now do them for all ages, starting with size one aimed babies in chilly houses or out in plain white. Prices start at £2.99. By mail from Damart, Bingley, West Yorkshire.

NOW THAT you can order from Freeman's without needing to go through an agent it is worth sending for their full catalogue—it has some good, plain nursery equipment at good, plain prices. Write to: Freeman's, 100 Liberty Street, London SW9.

Damart vest

MARKS AND SPENCER is fast moving into real baby-wear and furniture. Its own babygrows are much liked by mothers and it now does them in sizes for newborn babies as well as what are rather uncharmingly referred to as "toddlers." Photographed here is a splendidly sturdy wooden highchair which later converts to a table and chair, £59 from large branches of Marks and Spencer.



Glorafilia sampler

A fine sampler to commemorate the event. Many of the needlework companies offer a version—this one is by Glorafilia, measures 12 in by 14 in and comes complete with all essential wool, £23.95 from Glorafilia, The Old Mill House, The Ridgeway, Mill Hill Village, London NW7 4EB.

Drawings by James Ferguson

Cookery

Frozen wastes

EVERY two years for the past decade, the International Food and Drink Exhibition has been held at Olympia in west London. It is a trade fair for manufacturers, importers, agents, distributors, wholesalers, retailers, caterers and the press—an amazing hotchpotch, with exhibitors coming from all over the world.

Some international firms have massive stands all to themselves and their *razzmatazz* includes video films, glossy brochures, curvaceous girls and microwave ovens heating endless samples. Some do not seem to have any new products to show; I suspect they are there to keep their names in the limelight and watch their rivals.

This year, there seemed to be more tinsel and less charm than *before. I was struck by the acre*age devoted to frozen foods and depressed by the quality of many products that were attracting lots of attention.

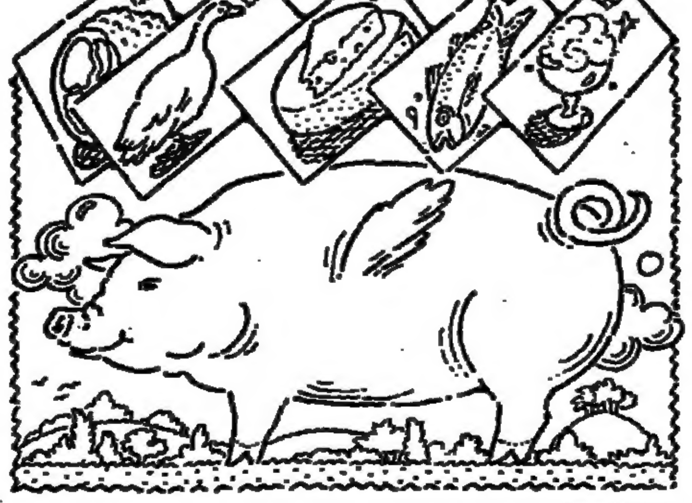
Lips (although not mine) were being smacked over the brewing of some beverages due to be launched next month—packs of filter ground coffee with such added flavourings as brandy, Irish cream, orange and *chocolate-mint. These products* are presumably aimed at scooping up some of the lucrative cream liquer market.

I winced, too, as I was introduced to what the manufacturers were pleased to call "hospitality foods." These often pretentious snacks at inflated prices included such unappetising numbers as Potatoroles; Dorset Savoury Bites ("a pizza-type filling encased in a pizza dough ball"—Dorset?); and what were essentially fish fingers reduced to Lilliputian proportions, ready to spear on dainty plastic cocktail sticks and rechristened pieces of eight, threepenny bits or some such fanciful name.

Not all the products I saw were this disheartening. Many were interesting and a few were very good indeed. I was pleasantly surprised when I tried two fruits new to me. The Chilean stand had huge black *plums (already on sale at* Marks and Spencer); and Carmel was introducing the feijoa, a dark green smooth-skinned fruit the size and shape of a kiwifruit. It is, in fact, a type of guava said to have a flavour somewhere between that and the pineapple.

I was cheered to see frozen peeled chestnuts by Colombe *(already on sale at Waitrose)*: chestnuts are so good and peeling them is so tedious. I was delighted, too, by the presence of Cuan, the oyster-farming Guinness subsidiary. I am a fan of its excellent and reasonably priced fresh oyster mail order service; and its frozen oysters au gratin (delicately dabbed with garlic butter) remain the best frozen fish product I have tasted. They deserve far wider distribution.

Another mail order service well worth noting is Heal Farm in Devon. Anne Petch is deservedly famous for her sausages, hams, bacon and other pork meat products. Made from traditional breeds of pig, reared without hormone growth-promoters, and brined and *cured* in the old-fashioned ways without water retainers or any of that nonsense, they are simply superb. Heal Farm also sells venison while small quantities of succulent, properly-hung beef and lamb have been added to the range recently.



Anne Morrow

Cured and smoked meats and fish of all sorts were in plentiful evidence. I saw enough smoked salmon to feed an army. One enterprising Scottish producer even displayed little bottles of salmon oil, skimmed from farmed fish before smoking.

I met three producers of smoked venison. One, Rannoch Smokery, a *husband-and-wife* team just starting up, also brought along a venison pâté, still in the experimental stage but showing promise.

By far the best smoked meat I tasted was smoked goose breast by Pettitts (distributed by Hales Snails). It is part of an excellent range of vacuum-packed fine-quality meats *(sliced thinly but not too fine* and carefully interleaved so the slices do not get torn to shreds in the proces of transferring them to a plate) that also includes sliced smoked sturgeon, tuna, Parma ham and —brand new additions—smoked beef and loin of veal.

Also distributed by Hales are Prospero's Fine Ices. The range of 11 sorbets, including mango and Grand Marnier (winner of a Quality Food Award), champagne, and blackberry with blackberry liqueur, was launched two years ago. Now, there are six luscious ice-creams including passion fruit, dark French chocolate and a concoction called peach with brandy, which seemed to me more like brandy with peach. These are the sort of sorbets and ice-creams that many good cooks will want to pass off as their own.

Other dairy products that interested me included Greek-style strained cow's milk yog*hurts from Cyprus, marketed* under the Velouté label. Less rich-tasting than the immensely popular *Total yoghurts* from Greece, these come in two versions — one with 7.5 per cent and the second with just 1.8 per cent. Also from Cyprus was a good fetta cheese by Pittas, now available at some branches of Sainsbury.

British cheeses made the traditional farmhouse way included Lanark Blue, a new Scottish mould ripened cheese made from unpasteurized ewe's milk by H. J. Errington. I sampled this agreeably salty-sharp cheese on its own and on a crisp featherlight curl of wholewheat biscuit. I had noticed these unusual biscuits on other stands, too, being wolfed down by exhibitors and visitors alike, and in due course learned that the manufacturer had been round distributing boxes of them to exhibitors who were offering visitors sample tastings of cheeses, pâtés and other *bonnes bouches.* An enterprising move by John Pretty, of Millers Damsels.

He launched his Wheat Wafers, as the biscuits are *called, about four years ago.* Originally only available at such shops as Justin de Blank, Harrods, and Paxton and Whitfield, they are now stocked by growing numbers of delicatessen and specialist cheese shops throughout the country. In addition to the original recipe, three variations have just been launched—one with added poppy seeds, one with sesame, and one with celery seeds—and there are sweet biscuits, too.

● For further details and stockists, telephone: Colmbe International Foods: 080976 535; Cuan—mail order fresh oysters: 0238 541461; frozen oyster products: 0473 626627; Heal Farm: 07695 2077; Rannoch Smokery: 08822 344; Hales Snails: 0787 310800; H. J. Errington: 089981 257; Millers Damsel Enterprises: 0983 78228.

By Philippa Davenport

Alannah Hopkin looks back to the world of the Irish country house

Cool grey stones

TWILIGHT OF THE ASCENDANCY
by Mark Bence-Jones.
Constable, £14.95. 327 pages

IT IS OVER 150 years since the Ascendancy, as the Irish landed gentry used to be known, lost the political dominance which had originally given them that name. Yet until the 1950s they remained a separate and easily identifiable social class, albeit one that had outlived its usefulness. Things are very different nowadays, thank goodness, with the best of the descendants of the Ascendancy well absorbed into the life of the country, and making significant contributions to it, especially in the arts and in agriculture. There are, inevitably, Irish Sloane Ranger types, but nobody would think of labelling them "Ascendancy," "Anglo" or "West Brit," perhaps, but never "Ascendancy." The term has at long last become history.

Mark Bence-Jones eliminates many prejudices about this much-maligned class by filling in the background of their life between 1870 and 1967. He points out that "Anglo-Irish," often used with neutral descriptive intent by English writers, is a misleading term. However strong the English accent, even those most loyal to the Crown in the late nineteenth century would insist that they were Irish, and would take no criticism of Irish ways or politics from their English neighbours. Just under 40 per cent of Ascendancy families were of old Gaelic or Anglo-Norman stock. Others were descendants of Cromwellian settlers, Presbyterian Lowland Scots or Huguenots. After the 1829 Act of Emancipation Catholic landowners were able to take an active part in administering the affairs of the country, and the Ascendancy ceased to be exclusively Protestant.

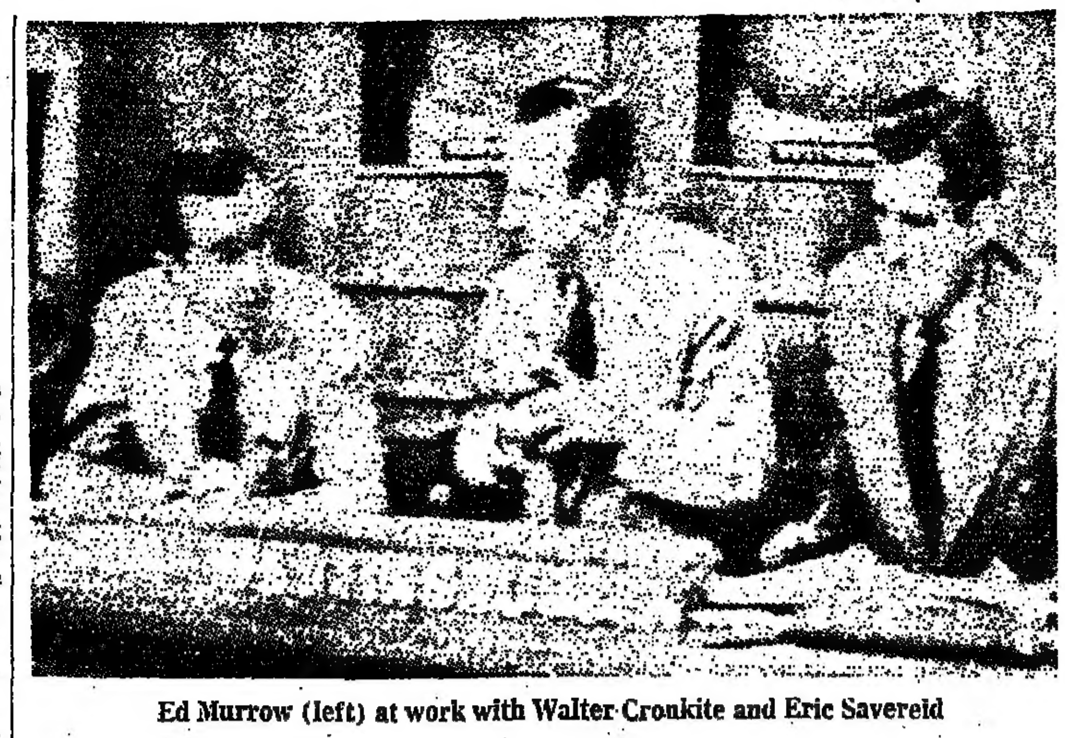
In spite of the loss of their political power the Ascendancy were, for a time, able to maintain their position as a social élite. The annual round of hunting fixtures, race meetings, lawn tennis parties, cricket matches, house parties, hunt balls and the Dublin season was still going strong when the First World War broke out, in spite of the fact that many of the participants were already well on their way to penury. It was at this point too that their houses and gardens were at their loveliest. Few of those that survived "the Troubles" and the bad times that followed, have had such care and attention lavished on them again.

After Independence, the manpower and the money needed to keep up such establishments was simply no longer there. Land reforms had deprived many members of the Ascendancy of their only source of income. Whereas before the war a "Big House" and its demesne could tick over on very little cash, prices after the war made such an existence impossible.

Bence-Jones makes the political and economic reasons for the decline of the Ascendancy very clear, and carefully characterises the distinct phases of its demise. He includes a wealth of anecdotes of Ascendancy eccentricity, arising either from the habits of the noble lords and ladies, or from the presence of batty butlers and plain-speaking retainers and apparently ubiquitous problems with the plumbing and the heating. The text is further enlivened by copious illustrations, many of which come from private collections.

As in any account of Irish history, comedy and tragedy are never far apart here, most especially in the aftermath of the fight for Independence. About 200 "Big Houses" were burnt out between 1920 and 1923, a figure which Bence-Jones suggests we should not find too shocking, given that there were over 2,000 such establishments in the country at that time. The point he is making is that not every ruined house to be found in the Irish countryside today is a result of the Troubles, but even so, 10 per cent seems a lot to me.

The tragedy is brought out by the ordeals of the unfortunate few who had to watch their houses burn to the ground, with the possessions they had managed to save piled up in front of it. More typical, however, is the experience of Lady Susan Dawnay, who was absent from home during an engagement in the demesne of Whitfield Court between the Free State Troops and the Republicans. "There was a battle on the lawn this morning," the gardener reported in a letter. "There were no casualties and both sides greatly admired your Ladyship's antirrhinums."



Ed Murrow (left) at work with Walter Cronkite and Eric Savereid

Ed at the mike

MURROW: HIS LIFE AND TIMES
by A. M. Sperber. Michael Joseph. £17.95, 795 pages

THERE ARE not many journalists whose life and times would merit a biography of more than seven hundred pages, the kind of treatment usually accorded to a distinguished elder statesman. But Ed Murrow, friend of the great and defender of the downtrodden, was himself an elder statesman of radio and television journalism, an authentic pioneer and innovator of many of its forms which are today taken for granted.

Murrow was also, especially to a younger generation of reporters and foreign correspondents whom he encouraged and nurtured, an authentic folk hero, a Mr Valiant-for-Truth among the murky compromises of the commercial networks and the arm-twisting sometimes exerted by government departments in Washington DC.

With all that, he had his blemishes, impatience and an arrogant recklessness not unconnected with an inner self-destructive urge. This, in short, is a very American story, not quite from log cabin to White House but certainly to dizzy heights of national and international fame, and Ann Sperber has told it with such loving attention to detail, such vigilant cross-checking, so many interviews with survivors, that it provides not only an absorbing account of one man's career but a brilliant evocation of an entire troubled era.

Ed Murrow's origins were modest, with Quaker forebears of strong abolitionist convictions in North Carolina, his family eventually moving to the logging camps of the far north-west of Washington State. In traditional style, he worked his way through college, and became immersed in student activities, achieving prominence first in the Student Federation of America, then in the Institute of International Education. This led to his first visits to Europe to attend student congresses, and also to his first contacts with CBS as a broadcaster on student affairs. With the rise to power of Hitler, he helped to find places in American universities for German academics fleeing the Nazi regime. He also backed a scheme to send young Americans to study in Moscow. It was an innocent initiative, and finally came to nothing, but it was to cause him much trouble in the later McCarthy years.

But all this was only a prelude to his real career. In 1935, CBS offered him a job as Director of Talks, a newly-created post, which he accepted. Two years later, he was sent to London to take care of CBS's European operations, where he covered the Anschluss and the Sudeten crisis, increasingly aware that while Europe seemed to be going mad, Americans at home seemed indifferent to the growing danger. The mood was to change gradually after September 1939, and no one brought home the realities of the war in Europe more eloquently than Murrow. But first, with staunch backing from the BBC, he had to endure a frustrating battle with wartime censorship before he could broadcast his finest eye-witness despatches. Quoted extensively here, these still have an extraordinarily vivid impact, more so than in some of his later peacetime commentaries, where his advocacy of certain issues sometimes has an orotund, dated quality.

At the end of the war, he returned home a national figure, the brightest star of CBS, now in the network lead, and able to write his own ticket. But peacetime was not without problems. First, there were the inevitable withdrawal symptoms for someone who had so long lived with front-line danger. Then, with audiences for news and current affairs gradually declining from their wartime peak, he was increasingly drawn into problems of management and the battle of ratings. There were also the insidious pressures exerted by commercial sponsorship, often more difficult to deal with than open pressures from government.

Having made his name in radio, he now had to adapt to the swiftly growing new medium of television. With inner qualms, he adapted to it superbly, and in tandem with the resourceful Fred Friendly, produced a series of memorable television documentaries, including the long-running See It Now, outstanding among them his "Report on Senator Joseph R. McCarthy," which effectively marked the beginning of the end of McCarthyism.

By the late 1950s, however, CBS was changing, he was increasingly at odds with management, and his health was undermined by his inveterate chain-smoking. In 1961, with the installation of the new Kennedy regime, he accepted an offer to become head of the US Information Agency. I remember seeing him, gaunt but affable, at a news conference in Washington just after his appointment, at which he even joked about his addiction—"They say there's not a cough in a carload—but who wants to smoke a carload?" He did, unfortunately, and this led to a final series of illness, the removal of his left lung for cancer, and his death, two days after his fifty-seventh birthday, on April 27, 1965.

Erik de Mauny

Bozzy's risk

BOSWELL: THE ENGLISH EXPERIMENT 1785-1789
Edited by Irma S. Lustig and Frederick A. Pottle. Heinemann £30. 332 pages

THE ENGLISH Experiment constitutes the thirteenth volume of James Boswell's private papers—bringing us to 1789—and there remains six years of his life yet to chronicle. Then there is his correspondence to gather and annotate (the two volumes edited by C. B. Tinker in 1924 yearn to be superseded): and the Life of Johnson (six volumes, edited by Hill and Powell, 1934-64) must be merged into the paper portrait somehow.

What the portrait depicts, in sum, and what upwards of 40 professors operating out of the Beinecke Rare Book and Manuscript Library, Yale, imply, is that Boswell had an obsession—with his own sense of self: "all my English bar scheme was chiefly with a view to how it would tell." Tell, with a view to fame; tell, with a view to celebrity. He wanted to succeed at the King's Bench, having grown bored and impatient with Edinburgh. Such, the vanity of human wishes, is the plot of this book, which reads as sprylly as any novel.

Boredom and impatience ran deep in Boswell, as was revealed on December 27 1787. Snowed in for a few days, restlessness became terminal: "I fancy my mind was in a state very similar to that of those wretched mortals who kill themselves." He attempted to flee, stomping off through the drifts; full of chagrin, he returned, his absence unnoticed. Nothing angered him more than being unnoticed.

"We are all very sorry to part with you," wrote infant Veronica Boswell to her harum-scarum papa, "but hope you will be happier in London." He was not. Lodging hundreds of miles from his family, Boswell was suffused with guilt. He had abandoned a consumptive wife and feudal responsibility at Auchinleck; he had abandoned a prosperous, if dull, position as advocate in Edinburgh. And, trained in Scottish law, he failed to fathom the technicalities of Westminster Hall's statutory system. It was quite another language; Boswell, an upstart alien, finally had to admit, by July 1786, that "there is no probability of my getting great practice at the English bar."

The chief achievement of the English experiment was gormandocratic. Called to the bar on the eve of St Valentine's Day, 1786, Boswell feasted on fish, ham, fowls, beef, apple pies, fruit, cheese, madeira, port, "and as good claret as ever was drank."

Drink was big in Boswell. It rose him "into temporary felicity," but mornings after the nights before were viciously crapulous: "I tried twice to get up and was obliged to lie down again." He also had a venereal disease. Mrs Boswell spitting blood in Ayrshire, Boswell himself, to assuage his glands, was perforce an adulterer. His mistress was a Mrs Rudd. From the safe distance of York, he sent her a note informing of his ailment. Mrs Rudd's reaction is not recorded.

Syphilitic, alcoholic, a conceited failure: what had Boswell to offer which keeps 40 Yale professors locked upon his manuscripts? Whilst his very capriciousness and arrogance engage, it is the genesis of the Life of Johnson which allures. Despite being a diseased and ensoured drunk, he made a masterwork; his appreciation of his own literary skill was no delusion of grandeur. One of his indignant memories of Edinburgh was that it "provoked me a little that my literary superiority seemed to have no effect here."

During The English Experiment, the great biography is commenced—on Sunday July 9 1786, in fact. Boswell was haunted by Johnson. He trawled for anecdotes, scavenged for memories and recollections. He found Johnson's negro servant, Frank Barber, "and he promised to search for every scrap of his master's handwriting and give all to me."

Boswell now researched his way into immortality. Why? Because Johnson's quizzical dignity—riddling a pedigree for words in his Dictionary or gently subverting notions of taste in his Prefaces—represented an ideal and accomplished temperament, nervous, quivering Boswell could never attain for himself.

Roger Lewis

Woman becomes an icon

MARILYN
by Gloria Steinem with photographs by George Barris. Gollancz £12.95, 128 pages

IN THE Posthumous Prolixity Stakes, Marilyn Monroe and Ernest Hemingway are surely now neck and neck. While the grand old man of American literature continues to lavish works on us from beyond the grave, the cinema's great sex-goddess also continues to make surprise returns. "Photographs never published before" keep appearing; and when they do they are usually accompanied by a monograph on Monroe by a famous writer hired to weave a text around the pictures.

The only place to go after Norman Mailer was, of course, to Gloria Steinem: from America's king of male chauvinism to the country's leading pretender to the feminist crown. Thank goodness Steinem is not anxious, as was Mailer, to prove that her name is a near-anagram of Marilyn Monroe. (It is in fact an anagram of "N. Mailer, egoist," for collectors of choicely ironic encodings). Steinem's approach to the star is to paint her largely as victim and emotional orphan: a picture which threatens at first to be no less exploitative and ideologically conscriptive than Mailer's picture of Marilyn as a woman born to delight men. But this new book escapes the dangers of biography à these thanks to two things.

Firstly, Steinem homes in as much on the touching comedy and serendipity of Marilyn's rise to fame as on any mawkish potential for pathos. I did not know until this book that the origins of the Monroe simper, that unique trait in which the upper lip is kept straight while the teeth and lower lip do all the smile-work, arose from a friend's telling her that the gap between her nose and mouth was un-classically narrow. Nor had I stumbled on tales of her early struggles with her screen name. "When someone asked me for my autograph," she once said, "I had to ask, 'How do you spell Marilyn Monroe?'"

Marilyn Monroe — one of George Barris's new photographs of her

But an equal distinction of this book is George Barris's photographs, taken during the last days of the star's life. Marilyn tousled, windblown and beautiful on cold beaches; Marilyn in some better-days poses around her home; Marilyn in the very last picture taken of her, sitting hunch-kneed and hands-clasped on the sand, wrapped in her woolly, pouting with a lazy mischief at the camera.

But we still do not get to the heart of her. And how could we? The only quality of a star that matters — the quality that must be in the mixture when a star is made — is elusiveness. You must believe that the actor or actress has a separate, even secret inner life going on between the photo-calls or the movies; or even between the lines he or she speaks in a movie. This elusiveness, which was there in Dietrich, Garbo, Brando, James Dean, was there in Monroe in oodles. It leaves the viewer always hungry for more; it leads to the fascination with the on-screen image and the inexhaustible curiosity about the off-screen life.

True stars, like true magicians, never give their secrets away. Indeed they will carry them if necessary to the grave. As Steinem says of Monroe: "When the past dies there is mourning, but when the future dies our imaginations are compelled to carry it on." The Monroe industry is still carrying on, and there is no reason to believe that this book will be the last.

Nigel Andrews

Eighth Army leader

OLIVER LEESE
By Rowland Ryder. Hamish Hamilton, £14.95. 308 pages

A LARGE man with a honking laugh, Oliver Leese off duty tended to behave like a character in a P. G. Wodehouse novel. His turn-out, for a guardee, was casual, his particular eccentricity being the wearing of khaki plus-fours, for on duty he cultivated the pose of a country gentleman in uniform. In fact, until his bride brought with her as part of her dowry a country house in Shropshire, he was a Londoner, the eldest son of a City solicitor who had married into the Sandeman port family.

At Eton, which left its stamp on him, he was unremarkable as a scholar or an athlete but, having been elected to Pop, was soon to learn the usefulness of that old-boy-network-in-embryo when, on the outbreak of the Great War, he was eased into a commission in the Coldstream Guards, of which the father of one of his school friends happened to be the Colonel. Leese came of age in the trenches, being severely wounded on the Somme leading his platoon in an assault, an act of gallantry for which he was awarded the DSO. Between the wars he progressed steadily up the rungs of the military ladder, attended the Staff College at Camberley, and finally did a spell as Chief Instructor at the Staff College at Quetta, a period both he and his wife detested, perhaps because the social amenities were not up to their exacting standards.

Rowland Ryder, in this partisan biography, makes what he can of these early years, but the book gathers interest on the outbreak of World War II. From then on the narrative consists of a series of extracts from the letters Leese sent to his wife and from the (unpublished) Memoirs he wrote later, interspersed with testimonials from people who knew him, these bones being fleshed out with Ryder's own comments and brief sketches of the campaigns in which Leese took part.

A characteristic that soon emerges from the letters is Leese's promptness in blaming others when things go wrong, as when at Dunkirk he angers a Rear-Admiral by referring to

Oliver Leese: in the steps of Monty

"the ineptitude of the Navy." Alamein, at which he commanded 30 Corps, was the high spot of his career, for he performed best under a strong army commander like Montgomery, but even here he found occasion to blame the armour for having, he said, "no stomach for the fight." Of the invasion of Sicily he wrote: "I'd like to shoot the xxx who chose this plan—and send his head on a pitcher [sic] back to Mountbatten and his useless racket." His style of command when he took over VIII Army in Italy was in strong contrast to that of Montgomery. He found the role of chairman more congenial than that of managing director and ran the war, as Macmillan said, like an election campaign. At this period his bête noire was the American General Mark Clark.

There followed his disastrous appointment as Commander-in-Chief ALFSEA, in effect a headquarters located near Calcutta sandwiched between Mountbatten's SEAC in Ceylon and XIV Army and other formations fighting in Burma. Leese's letters to his wife now bristle with invective against Mountbatten (a spoiled child, crooked as a corkscrew etc) and against Slim (a bellyacher, a megalomaniac, does not know the meaning of loyalty etc); and a note of self-pity begins to creep in, as when he confides in her that "Slim and most of the others are really strangers and we have very little in common."

It was surely the wish to have a friend around that led to the notorious episode of his attempt to replace Slim as XIV Army Commander by Christison then commanding 15 Corps in Arakan, an old friend from Staff College days. And for all Ryder's strenuous efforts to exonerate Leese it still seems to this reviewer that Ronald Lewin's account of the affair in his biography of Slim, augmented by the evidence brought to light in the lecture he read to the Royal Society of Literature in 1981, is substantially correct.

What Ryder has added to the picture is a glimpse of Leese's state of mind. Despite the bluff exterior, he was, according to Montgomery, "of a nervous disposition and temperament," and the ALFSEA letters suggest that at this time his condition verged on paranoia. "Leese is going quite wild and doing mad things," noted the CIGS Alanbrooke in his diary shortly before sending him a signal (not mentioned by Ryder) "tearing him apart inch by inch ... one of the most terrible messages ever sent from Whitehall to a commander-in-chief in the field." Or, as Montgomery wrote in a private letter: "Oliver must have gone barmy." A sorry ending to a distinguished career.

John Whitehead

CRIME

BUT HE WAS ALREADY DEAD WHEN I GOT THERE
by Barbara Paul. Collins. £8.95, 231 pages

MURDER FOR LUNCH
by Haughton Murphy. Collins. £8.95, 268 pages

A SINGLE DEATH
by Eric Wright. Collins £8.95, 163 pages

THERE IS a body in the library, and there is a re-enactment of the night of the crime. There is a slouching lieutenant and a tough-talking sergeant. But this is a far cry from the old, conventional murder-mystery. In fact, it is a light-hearted, richly inventive send-up (the tough-talking sergeant inadvertently quotes Shakespeare). You learn rather a lot about the diamond business along the way, but none of the information conveyed is mere show of erudition. But He Was Already Dead When I Got There is a delightful performance.

The pseudonymous author of Murder for Lunch, Haughton Murphy is a Wall Street lawyer, who has now taken up novel-writing; he threatens to do for the world of smart law firms what Emma Lathen did for upper-class banking. A senior partner is poisoned; the murder lays bare a tangle of intrigues, jealousies, ambitions behind a smooth, even haughty facade. The wise, elderly Reuben Frost, who fosters the solution, is a splendid invention. It is good to know that he will reappear in further adventures.

In Eric Wright's A Single Death a woman on her own, separated from her husband, seeks some companionship at singles bars and even advertises in a newspaper. She is found murdered, and everything points to a casual acquaintance as the likely murderer. Charlie Salter of the Toronto police—at the instigation of his ex-wife — pokes at the ashes of the investigation, and they blaze up. As usual, the subtleties of Charlie's relationships with his family are sensitively interwoven with the details of his investigation.

William Weaver

Fiction

Mother's way with her son

KATE VAIDEN
by Reynolds Stone. Chatto & Windus. £10.95, 306 pages

SEASONAL TRIBAL FEASTS
by Stuart Evans. Hutchinson. £12.95, 279 pages

NOVEMBER
by Janet Hobhouse. Jonathan Cape. £9.95, 198 pages

THE HOUSE ON MOON LAKE
by Francesca Duranti translated by Stephen Sartarelli. Collins. £9.95, 181 pages

THREE DAY BREAK
by David Hegarty. Allison & Busby. £9.95, 279 pages

REYNOLDS STONE, now Professor of English at Duke University, was born in North Carolina; he made an immediate and deserved success with his first novel, A Long and Happy Life, and since then has written twelve more good, but in this country somewhat neglected ones. Perhaps he has paid the unfair penalty, not infrequent, of having written an outstanding first novel.

Kate Vaiden should put things right again here—as it has already done in America. It is the first-person narration of a woman going back over her life in middle age. Because of her cruel childhood and an early bereavement she has tried to make herself hard-hearted; but, through her feelings for a son she abandoned, she discovers that hardness leads to more unhappiness than the indulgence of natural feelings.

This has the fault of many "southern" novels: it is sometimes over-brutal and even melodramatic—it is a little coarse in its outlines. But it is nonetheless as moving as it is deeply felt. It also has many incidental subtleties. It is not a major novel; but it is a first-rate one—and that is unusual enough.

Seasonal Tribal Feasts is the final and fifth novel in what the author has called "the Windmill Hill sequence." The publishers described this as having been received with "brilliant acclaim" (every book nowadays has been "acclaimed" whether it has been or not).

This is a commendably serious attempt at a roman fleuve rather in the wayward Robert Musil than in the very English straightforward C. P. Snow style; but I cannot say that it wholly succeeds. Stuart Evans's heart is in the right place, and the whole work is carefully and intelligently planned; there is an excellent and varied range of characters. But the writing itself, especially the dialogue, is banal or, at worst, embarrassing. I think the reason for the failure is that the author is simply too ambitious. When one considers that similar romans fleuves or novel sequences by Jules Romains are — even if great novels — failures, one begins to see some of the disadvantages of over-ambitiousness, and, indeed, the difficulties of trying to accommodate this sort of large-scale project in just five moderately sized books.

Stuart Evans has, however, been compared to Juvenal by one reviewer (I cannot for the life of me see why), and, since it is a work that any reasonable person would like to praise, I put it forward as something eminently worth trying out. It is nothing if not respectable in intention.

Janet Hobhouse was born in New York but came to England at the age of 16: she read English at Oxford and has written an engaging and perceptive biography of Gertrude Stein and two well received earlier novels. November is a neat and lively account of a refugee from artistic pretentiousness and the disastrous woman with whom he becomes involved. Set in New York, London and Florence, it evokes all these places with style and panache. A thoroughly agreeable book.

The House on Moon Lake did well in Italy in 1984—and won itself three prizes. The author is a translator who has written two previous novels and made a number of translations from French, German and English. Francesca Duranti in turn has been well served by the expert translator of this excellently judged ghost story. It is about a translator called Fabrizio who finds a reference to a lost German novel and determines to track it down. It ends by overwhelming him. This is a fine exercise in sophisticated Gothic not very deeply felt—but highly elegant and enjoyable throughout.

Three Day Break is a thriller by a former musician, David Hegarty, who now runs a health and fitness centre in Dublin. where it is set. It is tough, obvious stuff: lucky, wide boy minder, steals his car to escape from him and finds fortune in horses. It is crude and almost entirely divorced from reality (which is both more sordid and less exciting), but still fun if you like thrillers which take up hardly any time. There are three more to come already from where this one came from.

Martin Seymour-Smith

Ruddigore hits 100

RUDDIGORE celebrated its 100th birthday last month. The first performance took place at the Savoy Theatre on January 22 1887, and to celebrate the anniversary the New Sadler's Wells Opera has mounted a new production, sponsored by Prudential. It opened at Rosebery Avenue in London on Thursday and plays there until mid-March, when it takes to the road for a seven-week English tour.

For that premiere the opera was called *Ruddygore*, and the re-spelling of the title on the grounds of propriety was the least of the changes visited on the score in response to a less than enthusiastic reception. The libretto was regarded as old hat and some of its devices deemed unconvincing, so that the score as handed down and fossilised in the traditions of the D'Oyly Carte differed significantly from Gilbert and Sullivan's original intentions.

One of the aims of Ian Judge's new staging for NSWO has been to restore the opera as far as possible to its original form. The cuts in the second-act finale have been opened out, and with them recovered not only a last fling at Basingstoke, but also the second revival of the ghosts, who leave their portrait frames again to provide grooms for the external corps of bridesmaids. This was the element of the plot which caused most criticism 100 years ago; now its facile solution to a dramatic problem causes no offence nor crisis of credibility, indeed *rounds the evening*.

Judge's production is otherwise well plotted, tight and as purposeful as the opera itself allows. The second act is altogether crisper and more effective than the first, and emerged here as more entertaining; laughs were slow to come at first even from an audience hanging on every word and willing themselves to have a good time. There are few surprises, but some nicely painted sets (Gerald Howland) and a nicely and the new Controller of Radio Blades, well matched with the predatory bridesmaids.

With very few exceptions the principal roles are well taken, and moreover taken very much by singers who can act rather than actors whose singing just gets by. Marilyn Hill Smith's Rose Maybud adds to her bright, unfailingly accurate sense of line a nicely understated sense of comic timing, finding laughs in the unexpected as well as the obvious places. Gordon Sandison's Ruthven Murgatroyd is cut *in a more conventional* G & S mould, and impressively nimble in the patter songs (as are Harold Innocent's Despard and Linda Ormiston's splendidly fruity though not plentifully pathetic Mad Margaret).

The chorus is lively and well controlled by Simon Phipps, whose conducting seems sensible and well paced. It is, in short, a show well worthy of the anniversary it marks.

Andrew Clements

Alastair Muir

Marilyn Hill Smith and David Hillman

Pointless to object

THE Jonathan Miller *Mikado*—white hotel, flapper housemaids, twirling waiters, grand piano and all — has returned to the English National Opera schedule for another round of performances, with some new cast members side by side with some of last year's original ones.

It may still be objected, perhaps, that a non-Japanesified *Mikado* of this particular sort removes a degree of Gilbert's satirical sting, and an equivalent amount of Sullivan's delicate musical humour; but, on the evidence of Thursday's show, the whole company now performs the production with such lightness, speed, and zest, and the principals are almost all so much in command, that objection of any sort becomes a pointless, po-faced activity. This is a huge hit, and deservedly so.

Most formidable of the newcomers is Ann Howard, grandest of Katishas, capable of assuming the various personalities decreed by the producer (Amelia Earhart, Clara Butt, and Margaret Dumont by turns) with a formidable sweep that defies the improbability of the device and turns it into continuous pleasure. Then there are Susan Bullock, a deliciously self-pleased Home Counties' Yum-Yum (who sings "The sun whose rays" most beautifully); Ethna Robinson and Maria Bovino as her gymslip companions; Eric Shilling (Pish-Tush) adding another raddled, dotty face to his already large ENO gallery; and Dennis Wicks not yet projecting the full balloon-like eccentricity of the title role. Martin Handley is an expertly light-fingered conductor.

A main source of the evening's enjoyment is authentic to operetta (and said to have been missing on the first night last September): the principals hold the house with personalities robustly scaled to size: Richard Van Allan (Pooh-Bah) and Bonaventura Bottone (Nanki-Poo) have developed into first-rate Coliseum comedians, faultless in judging how far to burlesque their song and dance, and at what point to stop. Eric Idle's Ko-Ko *still* takes a while to find the centre of the stage, but when he does so, in Act 2, the casting works beautifully. He has now added "Bishops who do not believe in God, Chief Constables who do" to his little list—and so say all of us.

Max Loppert

Records

Clap hands and sing

Song on Record. Vol. 1: Lieder. Edited by Alan Blyth. Cambridge University Press, £19.50, 357 pages

HAVING SAFELY brought to birth the three volumes of *Opera on Record*, Alan Blyth has now turned his attention to the "fine print" of vocal music—the song. Songs are of course shorter than operas, and so the available literature is infinitely larger—and there is a lot to be said about a great song, of Schubert or Wolf, that may last only a page of score.

Editorial selectivity has therefore had to be one of the highest priorities of *Song on Record*: while a second volume is promised to attend to all the various non-German language areas, even a single volume devoted to Lieder has had of necessity to ignore a huge number of worthy songs. (And the "Lieder" umbrella is necessarily extended to cover those songs, by such as Haydn, Mozart, Beethoven, and Liszt, in languages other than German, as well as Schoenberg's *Pierrot Lunaire*, which is Lieder tuned to the pitch of expressionist music-theatre.

So it is a pleasant duty to report that an amazing breadth of coverage has nonetheless been achieved, and that the overall standard of the chapters is impressively high (much *more uniform*, indeed, than that of *Opera on Record*, which as a contributor to all three volumes I feel I can pass the remark without prejudice!).

As Blyth notes in his introduction, "each subject requires its own treatment." The format demanded for Brahms's *Four Serious Songs* or Schumann's *Frauenliebe und leben* must differ from that of a single-composer conspectus, such as those devoted to Beethoven, Liszt, Loewe, and Mendelssohn. Different processes of whittling-down are applied—in the case of Strauss, for instance, one chapter goes to the *Four Last Songs* and one *to a random* selection of 10 of the most popular individual items. In no instance does one feel short-changed.

Opera on Record reviewers have pointed out—and the perception is no less apposite here—that part of the enjoyment of reading such compilations is the matching of one's own opinions of individual recorded performances against those collected (when a critic has listened to 14 performances of, say, the Schubert *Schwanengesang* his or her judgments will be enriched by cross-currents and contrasts of executive style, and are accordingly more stimulating to confront).

But part—perhaps the more valuable part—is the fresh light on the music that a sensitive record-listener will inevitably shed in the process. The single-composer chapters — David Hamilton on Beethoven, Will Crutchfield (a delightfully fresh, cordial writer) on Loewe, Mendelssohn, and Liszt—are also notable essays on formal and expressive traits and developments. David Murray's superbly pithy examination of Schoenberg and Berg is valuable in the same way: future hearings of *The Book of the Hanging Gardens* or *Pierrot lunaire* will require an advance Murray re-reading.

I would hazard the guess, however, that the treatment of a single song-entity from a composer's output—*Die Winterreise*, or Mahler's *Das Lied von der Erde* (Andrew Clements, enviably lucid on both singers' and conductors' requirements)—was a thornier task to accomplish, and in most cases I have little but praise for the outcome. Robin Holloway — on *Schwanengesang* and the Wolf-Mörike songs — is perhaps Blyth's most illuminating, enlivening writer: ear-opening in his musical *aperçus*, a robust and provocative surveyor of vocal manners ("what a plummy old cow, this desolated young girl!" he writes of Elena Gerhardt's "Verlassene Mägdlein"), a revealer from within the composer's musical and poetic vision. In his gentler fashion Graham Johnson on the Schumann - Eichendorff *Liederkreis* can be similarly described.

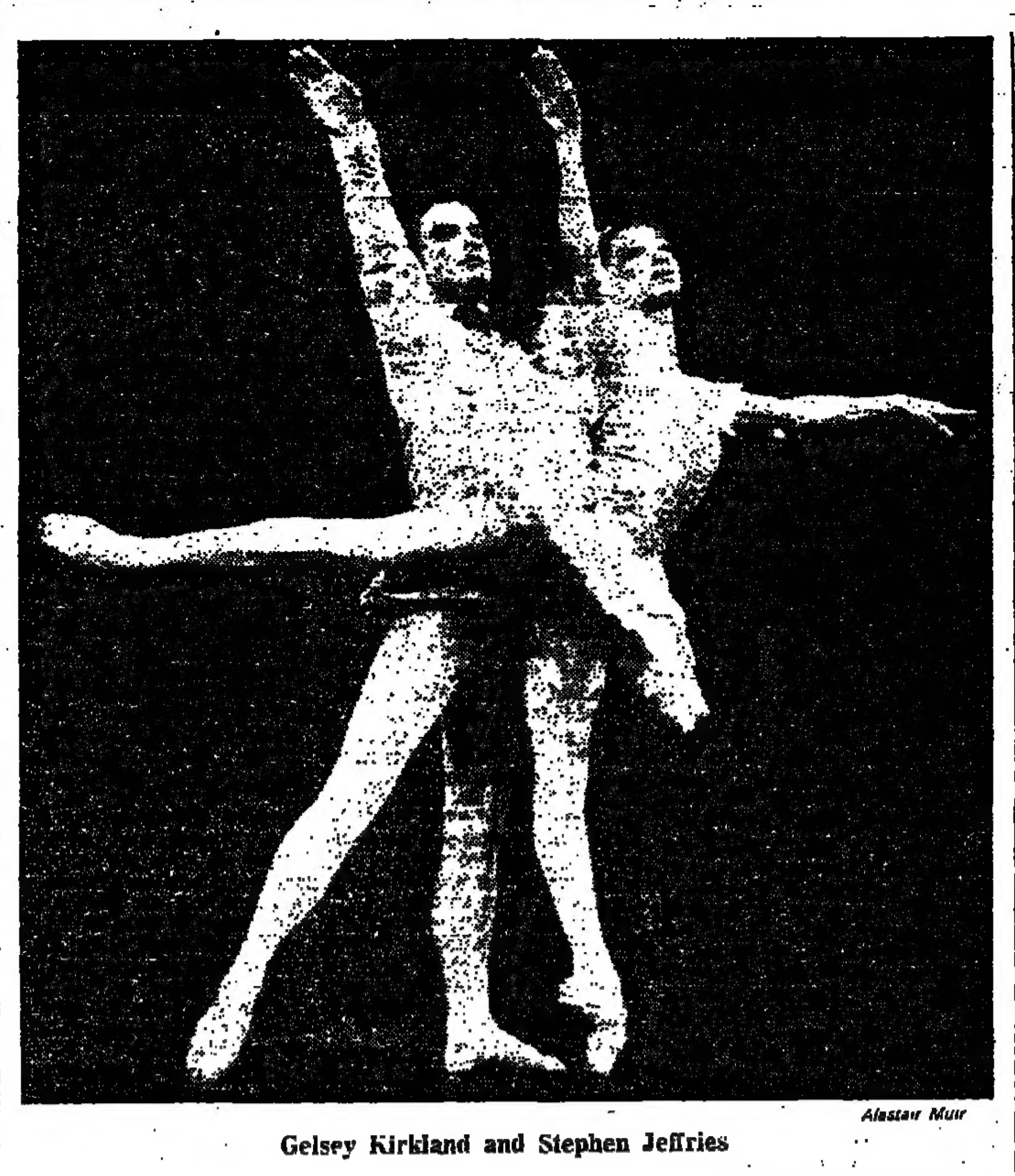
Wolf, indeed, brings out the best in all his writers: Holloway, Hilary Finch (whose Winterreise chapter, full of unhackneyed approaches, is somewhat disorganised) on the Goethe songs, Blyth himself (despite a tendency, here and elsewhere, to over-quote from "authorities") on the Spanish and Italian Songbooks. In this last, one of the volume's most interesting subtext comes more clearly to the surface.

No complains, then? Well, that distinguished Mahlerian Michael Kennedy proves here unexpectedly vague and gushy ("the singing, oh, the singing!" he sighs over F.D.'s first *Kindertotenlieder*). There are too many title misprints. Minor issues, all: *Song on Record* now takes its own necessary place on the music-library shelves.

Max Loppert

Chess solution No. 660

1 P-B6! QxP (if BxP; 2 N-Q5); 2 RxP! (so that if RxR; 3 R-Q8 ch mates), R-B1; 3 R(1)-Q7, Resigns. 4 N-K6 is a decisive threat.



Alastair Muir

Gelsey Kirkland and Stephen Jeffries

Dancing on my Grave by Gelsey Kirkland (Hamish Hamilton, £12.95.

GELSEY KIRKLAND'S autobiography caused a stir on its appearance last year in New York. Here was a real-world soap opera, concerned with the life and loves of a famous ballerina, replete with drugs, celebrated lovers, extreme physical suffering, a genius (George Balanchine), presented in far from admiring terms, quotations from Great Writers, and what seemed to be a devastating frankness about scenes of passion and clashes of temperament with Mikhail Baryshnikov, dance hero and star of moving pictures.

Now published in Britain, *Dancing on my Grave* turns out to be a volume of memoirs suffering from a split personality. It is by turns an analysis, by a gifted dancer, of the travails of performance, and an outpouring of kitsch not unworthy of *The Colbys*. How is one to reconcile in the same book an acute concern with the niceties of interpretation in the ballerina repertory, and such peach-fed ham as *I whispered, "Mother, I just want you to be my friend." She winced. "Gelsey, I'm so afraid you might not want me as a friend."*? Mother is not the only one to wince.

The stylistic dichotomy goes deeper even than this. We are offered the telling portrait of a physical instrument which Miss Kirkland willed and drilled into excellence, though at what cost of pain and silicone transplants, mismatched with an obsessive temperament which forever seeks to force body and psyche towards an expressive manner foreign to them. The irony of Miss Kirkland's career is that she should have been a product of Balanchine's school and company in which "expression"—the discovery of a stage self, and of a role by means of that self—should be the least requirement. Hence the first dreadful split in Miss Kirkland's artistic and emotional life, which will lead to the inevitable and dreadful sufferings with which we are regaled.

What will catch the general reader—though the book seems undecided as to what readership it seeks — is the gamey narrative of a self-willed and insecure young woman in quest of herself and of a supposed truth about ballet. In the process we are offered vehement descriptions of George Balanchine as mentor and absolute monarch, and of Mikhail Baryshnikov as idol and lover. Both are seen by the light of Miss Kirkland's flaming self-justification. Neither proved to be the person Miss Kirkland hoped them to be, and her tragedy is that, until her recent and happy marriage, no-one in her life, least of all herself, is as she wished them to be.

And so the drama unfolds, from drunken father chasing young Gelsey with a knife, by way of teenage cosmetic operations to make her look like other ballerinas; Baryshnikov and Peter Martins as lovers; addiction to cocaine and valium that threatened her life and sanity, to the moment when, with the help of Greg Lawrence who is now her husband, and helped write this book, she gained some peace of spirit and body.

Yet the final awful touch to this story seems to me to be the publication of the book itself. The need to tell all as excuse for a life and talent nearly destroyed can be accepted on terms of psychiatric therapy. Miss Kirkland has rid herself of the poisons of drug abuse and, having set down her story, also purged herself of the toxins of anger and distress that give this volume so bitter a taste. Her cure would be all the more remarkable had she abstained from that last furious swipe at life and her own misfortunes which is the making public of this text.

Clement Crisp

Radio

French without jokes

WHEN RADIO 3 presents a French play in English, it likes to leave the title in French, such as *La Peste*. Yesterday we had *Les Corbeaux*, mistranslated in brackets as *The Scavengers*. Henri - François Becque (1837-1899) wrote two memorable plays, this one and *La Parisienne* (which Radio 3 will give us next week) in the 1880s, besides a great number less memorable. *Les Corbeaux* tells how the family of a prosperous tradesman is battened on to after his sudden death, by the people on whom he relied during his lifetime. They certainly ask for battening. Mme Vignéron, the widow, knows nothing of her husband's business and shows no interest in her finances. He son Gaston *takes refuge from his debts by* enlisting in the army. Blanche, one of the three daughters, is pregnant by her fiancé, whose mother dislikes her. Teissier, Vignéron's partner, reveals that when Vignéron's property is sold up, there will be far too little for the family. Bourdon, his lawyer, is a shark. Music, teacher, architect, dressmaker, upholsterer, they all join in.

Becque is coldly neutral in his reporting of this financial warfare. The creditors are a rascally bunch, but the *family* are pretty worthless. The only decent one, indeed the only decent individual in the play, is the daughter Marie, and she has the misfortune to catch the eye of Teissier (who has "eyes like a fox and a mouth like a monkey"), and with a Zolaesque inevitability she is compelled to marry him to save the rest of her family. The play is like *Volpone* without the jokes. It was well worth hearing, the only difficulty being that, as adapted for radio by Enyd Williams, the characters appear to be coming in and out of the Vignéron house in one long scene. There was good playing, under David Johnston's direction, by Maureen O'Brien as Marie, Sheila Grant as Mme Vignéron, John Rye as Teissier and John Church as Bourdon.

The revival of a French play of 1882 gives a particular relevance to Radio 3's feature last Sunday, *Waiting for the New Wave*. Who will ever revive the French plays of 1982? Where indeed are they? French theatre seems to be so dominated by directors that authors refrain from submitting, or even writing, serious new work for fear that it will become director-fodder rather than their own work. The directors in the programme seemed to have the same attitude. Antoine Vitez thought the public was lazy and needed new directorial ideas to wake them up, "every day something new, a *feeling of richness and diversity*," and claimed he was stuck in the search for writers. Jean-Pierre Vincent of the Comédie Française said frankly that authors should have another job. Daniel Mesguish from Saint Denis admitted that new plays did not go, and he had gone back to classic texts *in* contemporary style. Bernard Sobel of Génevilliers (where 65 per cent of the population is non-Francophone immigrant) said that his audiences did not *want to know about contemporary* affairs, and he gave them Shakespeare and *Philoctetes* and *Nathan the Wise*. Ariane Mnouchkine's Cartoucherie is *showing a 10½-hour piece about* Norodom Sihanouk of Cambodia, and is sold out.

We hear nothing on this side of the Channel from Grumberg, Namiand or Koltès. At the Théâtre Ouvert, *mises en espace* (like rehearsed readings) are given of new scripts submitted. Approved writers have been asked to write 5- to 15-minute pieces on *Oser aimer en 1986*, and these will be given at Avignon. There are some writer-director alliances, such as that between Koltès and Patrice Chéreau. The French subsidise their theatres more generously than we; but as M. Léotard at the Ministry of Culture *says, out of 374 subsidised* houses, only about 40 are really good. This was a truly interesting feature.

Last Saturday we heard on Radio 4 just how awful British dramatic writing can be. *Big Jim and the Figaro Club* (the first of six, God help us) was about the practical jokes of freshly demobilised citizens starting their civil lives again after the war. I can only suppose it has been lying around Broadcasting House since 1945.

B. A. Young

Grants to gardens

THE House of Commons environment committee in its report on historic buildings and ancient monuments, published this week, has broken new ground by including specific recommendations for historic gardens.

The Garden History Society had made a strong case for historic gardens, prompting the committee to comment that "we are disappointed that the funding of gardens has been so neglected." Taking into account the increasing interest in gardens taken by visitors, and the fact that at present grants are only available for *structures* in gardens, the Commons committee now recommends that the Department of the Environment should allocate additional funds to English Heritage for grant aid to historic gardens. Such finance would assist garden restoration projects, in which the cost of labour for long-term maintenance is often a deterrent.

Gillian Darley

Deprived with quiet discretion

Antony Thorncroft discovers that the Arts Council, itself the victim of public expenditure cuts, is making drastic inroads into some of its music budgets . . .

THE Arts Council has learned its lesson. In 1980, just before Christmas, it publicly sacked about forty clients. There was pandemonium. What proved to be a sensible and painless move—virtually all the axed arts companies are still in business—attracted a storm of abuse because of the abrupt timing.

Now the Arts Council acts more discreetly. It has just quietly informed nine small musical groups plus some dance companies, that they can no longer expect a handout in 1987-88 and so far they have not chained themselves to 105 Piccadilly. Perhaps the arts world is mature enough to realise that if the Arts Council does not shed clients occasionally, there is no cash for new and worthy causes—no one should take subsidy for granted.

Few can be surprised that dancer Michael Clark has lost his grant (£15,000 in the current year). He is one of the most successful young dancers in the world; giving him Government *money* is like *sponsoring* a chart-topping pop group. But the nine musical groups, which concentrate mainly on contemporary and early music, are another matter. The money saved is small—£92,000 in all—and will go towards the funding of other early music groups and "black" music. It is a politically shrewd move; but does it harm the musical life of the country?

Not really. Some of the groups deprived of subsidy in 1987-88, like the Royal Philharmonic Society and Redcliffe Concerts, are middle-men arranging concerts, rather than performing musicians. The RPS is far the biggest loser—it got £45,000 in the current year—but it is the kind of organisation that appeals to business sponsors.

In essence the Arts Council is trying to put together a pool of money for new musical initiatives. With its grant rising by a miserly 3.5 per cent in 1987-88, it can only find such a pool by making savings. Some of the dropped outfits, such as the Academy of Ancient Music, received peanuts and have a secure reputation in their field; others, like the English Bach Festival, will find an already precarious existence very difficult indeed.

The other clients dropped—Hanover Band; Kirckman Concert Society; Locke Brass Concert; New Macnaghten Concerts; and the London Bach Orchestra—generally received so little that if there is any *will in them they should survive* under their own steam.

The real outcry in the music world will come next week when the four leading orchestras—the LSO, the LPO, the RPO and the Philharmonia—learn their subsidy for the new financial year. All will receive between £400,000-£500,000, but, for the first time, the Arts Council, now the sole provider of subsidy following the demise of the GLC, will make a distinction based on artistic ingenuity. In *the past* the orchestras were paid mainly on the basis of the number of concerts they performed. Now there is an element—up to 25 per cent of the total—of bias, determined by their repertoire.

The main beneficiaries will be the LSO and the LPO. The LSO has already learned its subsidy—a £20,000 rise to £440,000, an above average Arts Council increase, and the biggest for any orchestra. It is likely that two orchestras, the RPO and the Philharmonia, will receive standstill grants, in effect a cut in aid.

This will increase the paranoia in the Philharmonia which had had to suffer in recent months an unwelcome take-over bid from the LPO. The musicians in the Philharmonia have publicly rejected the aproach, but they must know that important financial forces, such as the Arts Council and the South Bank Centre, landlords of the Festival Hall, favour the idea of fewer, but better, orchestras.

The Philharmonia feels, quite rightly, that it has been chosen as the sacrificial victim, with little regard paid to its playing quality. It should hold tight, secure in the knowledge that all the orchestras could survive without subsidy—which is usually not much more than 12 per cent of their revenue—and that historically the Big Four take it in turns to be singled out for a hard time.

Legal Notices

No. 008267 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
PENGKALEN PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was in the 5th day of February, 1987 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and (b) the confirmation of the Reduction of the Capital of the above-named Company by cancelling the Shares of the said Company in accordance with the terms of the said Scheme of Arrangement. The Capital reserve resulting *from the proposed reduction* of capital is to be applied in paying up in full Ordinary Shares of the said Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Vinelott at the Royal Courts of Justice, Strand, London, on Monday the 2nd day of March, 1987.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said Reduction of Capital should appear at the time of hearing in person or by Counsel for that puropse.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated the 19th day of February, 1987.
SLAUGHTER AND MAY,
35 Basinghall Street,
London EC2V 5DB,
Tel: 01-600 1200.
Ref: FWN/LIT/RLH.
Solicitors for the said Company.

Michael Thompson-Noel on the Honeyghan title fight—and a threat to British boxing

Lloyd goes gunning for a sheriff

A WHIMPER and a bang? Or a bang and then a whimper? How you view this week's happenings in the world of British fisticuffs depends entirely on your point of view. But a livelier seven days would be hard to imagine.

At week's start came news that the left-wing council in the London Borough of Hackney was to consider a proposal to ban professional boxing in the venues that it licenses, including Shoreditch Town Hall—the first time that anyone has sought to outlaw the manly art of professional pugilism anywhere in Britain.

At week's close — at Wembley's Grand Hall tomorrow — Britain's Lloyd Honeyghan defends his world welterweight titles against Johnny Bumphus of America in a fight that should help cement Honeyghan's reputation as a champion of the highest merit.

Let us start with the whimper and finish with the bang, for in my book Honeyghan's encounter with deputy sheriff Bumphus from Nashville, Tennessee—a 26-year-old who packs a wallop of a punch as well as a Smith and Wesson .38 revolver—will be immeasurably more percussive than the piffling peal of protest from Hackney's council, whose members are determined to ban professional boxing because of "overwhelming evidence" of its harmful qualities.

In a statement, council officials said that while they were sympathetic to individual boxers living in the area—many of them black, with distinguished reputations, such as world lightheavyweight titleholder Dennis Andries and former British champions Sylvester Mittee and Kirkland Laing — pride in their achievements "cannot blind us to the dangers of the sport."

Hackney's proposed ban naturally sparked off speculation about whether other "looney left" boroughs such as Brent (which licenses Wembley Arena) or Haringey (which licenses another popular fight venue, Alexandra Palace) would leap onto the anti-boxing bandwagon in a war on pugs.

The British Boxing Board of Control is distressed at the proposed ban, and is ready to take firm counter-measures. In turn, matchmaker Micky Duff, who is also a promoter and manager — his stable of 18 fighters includes Lloyd Honeyghan—says he is surprised but not particularly shocked that the move to stifle boxing should have originated in London's East End, one of the sport's traditional strongholds, where boxing used to be a way of life.

Duff was recently honoured as *Manager of the Year* by the World Boxing Association, partly for his special skill in knowing exactly which match to make. His career as a matchmaker started in Shoreditch Town Hall when he pitted Terry Downes against Dick Tiger in a fight that cost all of £195.

"*Both* went on to become world champions," says Duff. "In fact an incredible number of world champions have started their careers at Shoreditch. Boxing *is* dangerous, but nowhere near as dangerous as many other things. Possibly there is no place for boxing in *a model* world, but there are many worse things going on. Why don't they ban smoking in Hackney? Boxing — anyway — is getting safer and safer. I don't want to sound funny but as of this week, any foreign boxer coming in here has to be tested for Aids. It's *that* safe."

There is a theory going the rounds that Hackney's proposed ban is the work of a women's pressure group on the council. Yet it ought not to be surprising if opposition to boxing is inspired by women, who are vastly nicer than men and far better equipped to order our affairs. According to the American novelist Joyce Carol Oates (*On Boxing*, Dolphin/Doubleday): "Boxing is a purely masculine activity . . . Boxing's very vocabulary suggests a patriarchal world taken over by adolescents. This world is young. Its focus is of course *macho-machismo* raised beyond parody."

In her view, to enter the world of pro boxing is to step through the looking glass into a place where values are reversed or evaginated: a boxer being valued not for his humanity but for being a "killer," a "mauler," a "hit man," or an "animal." Equally, opponents are not simply defeated, as in a game, but are "decked," "stiffed," "starched," "iced," "destroyed," "annihilated."

The point, claims Ms Oates, is that boxing really isn't metaphor. To watch boxing closely and seriously, she says, is to risk moments of what might be called animal panic—a sense not *only that something very ugly* is happening but that, by watching it, one is an accomplice: "I feel it as vertigo—breathlessness — a repugnance beyond language: a sheerly physical loathing. That it is also, or even primarily, self-loathing goes without saying."

I had thought of raising several of these topics with Lloyd Honeyghan this week—particularly the bit about *machismo*-beyond-parody — but decided swiftly against it after watching him train.

To put things in a nutshell: Honeyghan is *humming*. He formerly held all three welterweight titles (World Boxing Association, World Boxing Council, and International Boxing Federation), but resigned the WBA title so as not to fight a South African, Harold Volbrecht. The WBA title is now held by Mark Breland, leaving Honeyghan, tomorrow, to defend the WBC and IBF crowns against Bumphus, an aggressive southpaw whose awkwardness in the ring has given Honeyghan special pause for thought.

"He's very good," the champion told me, "and very strong. But I've played the fight through and know that I will win. I've sat down and thought *about it, thought about the* moves. I've seen it all clearly."

According to other boxers, Honeyghan's greatest qualities are his all-round skills, his marvellous reflexes, and his attitude. "All he fears," says Duff, "is losing. He hates the idea of it. That's why he fights in such superb condition."

A former sparring partner told me: "He's elegant and graceful: like a dancer, really. I'm a lightweight (up to 135 lb) and he's a welter (12 lb heavier) so I should be faster. But it's very hard to hit him."

Honeyghan's main ambition is to retire a wealthy man. "I look ahead to the next fight, and the next, and the next. I'm 26. At 29 I plan to be rich. I'm champion of the world. I'm entitled to make a lot of money."

Is he making much tomorrow? "I don't think I am. I'm getting $198,750, from which I have to pay $25,000 in American training expenses, plus 10 per cent to the trainer, 25 per cent to the manager, and so on. I should be getting more. I'm not letting anybody kid me that there's a golden payday against Breland somewhere down the road, three years away. I want the money now. I had a dream *of being world champion, and* that's what I achieved. The dream wasn't *of* fighting Breland."

Joyce Carol Oates reminds us that one of the standard arguments for *not* abolishing boxing is that it provides an outlet for the rage of disenfranchised or otherwise impoverished youths, often black, who can make lives for themselves by way of fighting one another instead of fighting society. Lloyd Honeyghan agrees with this entirely. "Boxing keeps a lot of kids off the streets," he says. "If there wasn't boxing they'd be stealing or breaking into cars, or down the boozer. When young kids watch me they *have something* to aim at. Maybe Hackney ought to remember that."

Boxing promoter Micky Duff

Brian Bollen wants a home countries merger to gain soccer supremecy

Footballers of Britain unite!

WHY SHOULDN'T we have a Great Britain United soccer team? Imagine the potential of a side combining the goalkeeping talents of Welshman Neville Southall, the midfield artistry of England's Glenn Hoddle and the aggressive passion of Northern Ireland's Norman Whiteside — not to mention the lethal finishing skills of Barcelona-based Gary Lineker and Juventus-bound Ian Rush.

Yet every time the possibility of a merger is raised, officials at the football associations of England, Scotland, Northern Ireland and Wales shriek in horror, and trot out well-rehearsed party pieces to prove that soccer cannot even contemplate what is done in athletics, for example: select a world-beating team drawn from every corner of the United Kingdom and Northern Ireland.

Apart from the obvious but surely not insurmountable problems, such as match venues and team selection, objections seem to be based on a mixture of blind national pride and simple anglophobia, with perhaps a hint of selfishness thrown in.

Five million Scots will never stand for it, says the SFA. Wales has the best team it has ever had, says the WFA. Northern Ireland would be starved of international football, says the NIFA. It would be dominated by the English, they chorus. Strangely, the footballing possibilities for a Great Britain side are seldom taken into consideration.

Yet this week's mixed bag of international results appeared to underline the glaring inability of the UK's Celtic tribes to compete at the top level. All four home countries were in action, but only England notched a victory. Wales and Ireland both drew, and Scotland slumped to a gutless home defeat at the hands of the Republic of Ireland.

With the exception of England's freak victory in 1966, Britain's record in the World Cup is lamentable.

Scotland seem destined never to get beyond the first round of the World Cup finals (columnist Miles Kington wickedly but not inaccurately defines the happiest period of a Scotsman's life as the interval between qualifying gloriously for the World Cup, and crashing out disastrously).

Northern Ireland have twice *qualified for the quarter final* stage, a moderate success but one which was all but hailed as a miracle when it last happened, in Spain in 1982.

Wales always seem to miss out on the finals by the narrowest of margins, victims of their dreadful inconsistency. For example, in the last qualifying tournament they chalked up a notable victory over Spain, and took three points out of four off Scotland. But they scuppered their chances by being the only side in the group to lose to far from mighty Iceland.

The main thrust for a Great Britain team comes from outside our island. The increasingly vocal African lobby managed *last summer* to persuade Joao Havelange, president of the game's world governing body, FIFA, to commission a review of its constitution. At the very least this could deprive the home countries of their separate voting rights, leaving Britain with just one vote rather than four. The origin of the threat is in itself a cause of indignation to the British fish in their respective small pools. How dare countries which are mere infants in soccer terms threaten the existence of the oldest FAs in the world?

After quietly slipping off-stage, the question reappeared in the spotlight a few weeks ago. Cast as villain of the piece was *Harry Cavan, chairman of the* NIFA and vice president of FIFA, for venturing to suggest that after 1990 Great Britain would only have one team in the World Cup.

Despite the obvious attractions, English FA secretary Ted Croker labels this a "ludicrous suggestion" and "hypothetical nonsense," especially as it was made in the centenary year of the International Board, which controls the laws of the game, and was started by the four home associations.

Welsh team manager Mike England feels just as strongly. "We enjoy four countries playing in the World Cup, and look forward to it," he says. "The *thought of one national* team doesn't appeal to us in Wales at all."

But are we divided Brits good enough to take on the likes of Argentina and Brazil, I asked. "I think the gap is being closed. With Southall, Ratcliffe, Rush and Hughes, at the moment Wales has its best team for years."

David Bowen, secretary of the NIFA, is no less patriotic than Mike England, and argues succinctly for maintaining the status quo. "We see no need for change. We might have one player in a UK team, and there might never be another international match in Northern Ireland," he says. "If the Zambian or Somalian FAs are entitled to international teams, so are Scotland, Ireland and Wales."

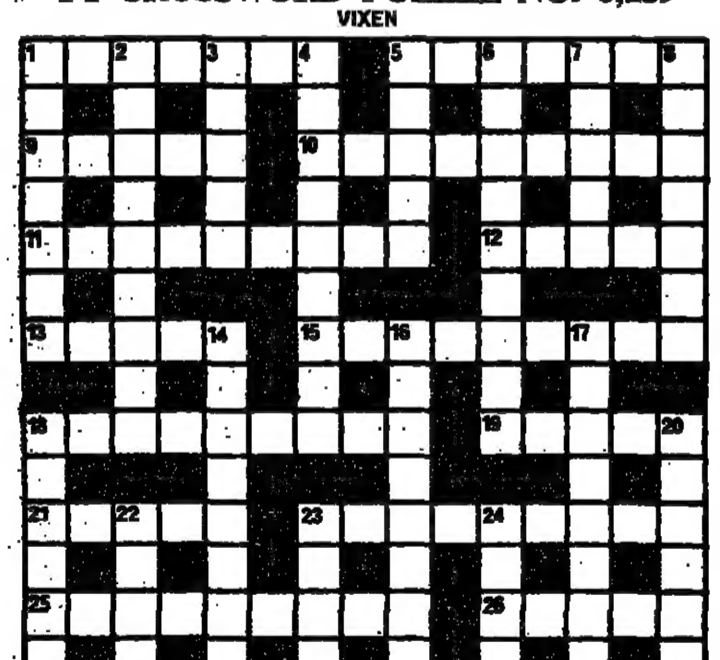
Bowen's counterpart in Glasgow, Ernie Walker, sets great store by tradition as a reason for refusing to look to the future. "The SFA has stood *on its own for more than* 100 years," he thunders. "We don't have political independence but we do have footballing independence. We have no desire or intention to be part of a Great Britain team. It's bound to be dominated by England."

Returning to the independence theme, he concludes: "We have a very *clear identity*, and are an important part of the fabric of world football. No one's interested in relinquishing that. The whole of the Scottish nation would deplore it."

One man not against the idea is Glasgow Rangers player-manager Graham Souness, who captained Scotland through the past two World Cup campaigns. But then, he is almost overdosed on success in a multi-national Liverpool side, and is busy recreating the environment at Ibrox. "I'd like to see it happen," he says. "If there were a British team, we'd be *more than capable of beating* the very best. Of course Ernie Walker's against it. He'd no longer be a chief. The separate associations don't want it because they all want to be chiefs."

FT CROSSWORD PUZZLE NO. 6,259

VIXEN



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

1 By being accepted by more constituents he was top man (7)
5 Joint holders (7)
9 A bouquet makes a romantic beginning (5)
10 A law-breaker's exceptionally silent car (9)
11 *Brief wear best for a baseball* player (9)
12 Black person, a little one, growing up in this country (5)
13 A current movement (5)
15 Weighed down because of a letter about a boy (9)
18 A meal fixed—or only the basis for it? (6-3)
19 Appears weary finding way back to quarters (5)
21 Taps a source of food (5)
23 A restaurant with musicians by the water (9)
25 An entitlement for 28 across (5-4)
26 Blue is appropriate (5)
27 An estate key men see distributed (7)
28 The boards will read articles with semi-trendy following (7)

DOWN

1 Dicky paled, occupied by a point passed (7)
2 Moving after professional encouragement (9)
3 Taking rubbish outside for cook (5)
4 It could be lots are in liaison (9)
5 Quarrel—but not very much (5)
6 Oriental flier accompanied by a partner always (9)
7 Observing the old-fashioned turn in before midnight (5)
8 Record deposit (3, 4)
14 Youngsters agree nets should be used (9)
16 A sociable type, though unusually green (9)
17 Many have 26 across, that's plain (9)
18 Put down RAF men indeed! (7)
20 A symbol of respect maybe (7)
22 Writing a few last words up when fit (5)
23 A hundred put into a Scottish bank to provide support (5)
24 In general the purchaser gets good stuff (5)

Solution to Puzzle No. 6,258

WINNOW DISPATCH
E O B R E E A
TETHER MORTIMER
W O R I N U P W
AIRFORCE ALLEGE
N I N E A A L
GOOD ECUMENICAL
U T U I T L
CASTORBEAN COME
H W E B S S A
ANTONY CLOTHEAR
P U S H E A F T
MILKMAID OFFISH
A I A G F S L
NEPENTHE PARTLY

SOLUTION AND WINNERS OF PUZZLE NO. 6,252

DESTINATION SAC
U U N C M O P A
CADGE IMPETUOUS
K A P D R R N T
PINSTRIPE EAGLE
O E T S D E R
NOSEGAY SEAM
D E L M P C
SAKI TIEPOLO
O A D N R P N
RACES FOOTFAULT
E C T L T A L R
GEOLOGIST TIARA
O R N C E A C C
NOD ENTHRALMENT

Miss Avril Coutts, Brussels, Belgium; *Mr W. A. Robertson*, Garvald, East Lothian; Mr J. D. Dick, Edinburgh; Lady W. Scott, Melrose, Roxburgh; Mr. B. G. Essenhigh, Chilmark, Salisbury, Wiltshire.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Hunter. 8.35 The Muppet Babies. 9.00 Saturday Superstore. 12.15 pm Grandstand including 12.20 Rugby Union, preview: 12.30 Boxing. 12.35 Football Focus: 1.00 Chepstow Racing: 1.10 News: 1.15 Boxing: 1.30 Chepstow Racing. 1.40 Rallying — World Championship from Sweden: 2.00 Chepstow Racing: 2.10 Boxing: 2.25 Rugby Union: England v France — the whole match live followed at 4.00 by highlights of Scotland v Ireland: 3.55 Half-time scores: 4.20 Athletics — European Indoor Championships: 4.40 Final Score

5.05 News. 5.15 Regional programmes. 5.20 Perfect Strangers. 5.45 Jim'll Fix It. 6.20 The Little and Large Show. 6.55 Bob's Full House. 7.30 The Paul Daniels Golden Rose Show. 8.10 Bergerac. 9.05 Carrott Confidential. 9.40 News and Sport. 9.55 Cagney and Lacey. 10.45 Film: "Blood Money."

BBC 2

†2.00 pm Film: "Vigil in the Night," starring Carol Lombard and Brian Aherne. †3.30 Film: "Annie Oakley," starring Preston Foster and Barbara Stanwyck. 5.00 Athletics (European Indoor Championships). 6.20 Micro Live. 6.50 Newsview. 7.30 Workshop. 8.45 Saturday Review (Anthony Burgess, 70 this week, talks to Russell Davies about his career). 9.40-1.00 am Film: "Giant," starring Rock Hudson, Elizabeth Taylor and James Dean.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 The Outsiders. 12.00 News. 12.05 pm Saint & Greavsie. 12.30 Wrestling. 1.20 Chips. 2.15 Comedy Classic: Please Sir! 2.45 Snooker — Dulux British Open. 4.45 Results Service. 5.00 News. 5.05 Walt Disney Presents. 5.15 Connections.

5.45 The A-Team. 6.45 People Do The Funniest Things. 7.15 Me & My Girl. 7.45 The Price Is Right. 8.45 News and Sport. 9.00 Dempsey and Makepeace. 10.00 Aspel & Company. 10.45 LWT News Headlines followed by The Big Match. 11.45 Snooker — Dulux British Open. 12.25 am Glastonbury.

CHANNEL 4

9.25 am A Question of Economics. 9.50 Moneyspinner. 10.20 The Living Body. 10.45 The World — A Television History. 11.15 The Face of the Deep. 12.15 pm Isaura the Slave Girl. 12.55 Butterfly RIP. 1.00 Four American Composers. †2.00 "Blossom Time" (Richard Tauber stars). †3.40 "Heart's Desire" (Richard Tauber stars). 5.05 *Brookside Omnibus*.

6.00 Right To Reply. 6.30 Speed Chess Challenge. 7.00 News Summary followed by 7 Days. 7.30 Bandung File. †8.15 Pioneers of Socialism. †9.00 The Power Game. 9.55 4 Minutes. 10.00 Saturday Live. †11.20 "Bronco Bullfrog."

S4C WALES

10.15 am Union World. 10.45 A Week In Politics. 11.30 What The Papers Say Awards. 12.00 The Marketing Mix. †12.30 pm Feature Film: "That Certain Age." 2.25 Rygbi Rhyngwladol (Lloegr v Ffrainc). †4.15 Feature Film "Demobbed." 6.00 Right To Reply. 6.30 Speed Chess Challenge.

7.00 The March of Time. 7.30 *Newyddion*. 7.50 *Stumlau*. 8.20 Dacon Y Sêt Gefen. 9.10 Y Maes Chwarae. 10.10 Soap. 10.40 E.R. 11.10 Feature Film: "Identification of a Woman."

IBA Regions as London except at the following times:—

ANGLIA

11.00 am Tarzan. 11.59 Today's Guy. 5.15 Blockbusters. 12.30 am Dare to be a Daniel.

BORDER

11.00 am Spiderwoman. 11.30 Mr Merlin. 1.20 pm Curling.

CENTRAL

11.00 am Mister T. 11.30 Under the Mountain. 1.20 pm Knight Rider. 2.15 Who's The Boss? 12.30 am Sweet Live in London at The Marquee. 1.30 Central Jobfinder '87.

CHANNEL

11.00 am Tarzan. 11.59 Today's Weather. 5.15 pm Blockbusters. 12.30 am Tears For Fears.

GRAMPIAN

11.00 am U.F.O. 1.20 pm Curling: The Aberdeen Ladies Invitation. 5.15 Blockbusters. 10.45 The Sweeney. 12.30 am Reflections.

GRANADA

11.05 am The Greatest American Hero. 1.20 pm UFO. 2.15 Punky Brewster. 12.30 am The Late Film: "Jigsaw John: They Only Come Out At Night," starring Jack Warden.

HTV

11.00 am UFO. 11.58 HTV News. 1.20 *pm The Fall Guy*. 10.45 *Cup* Rugby. 11.30 Snooker. 12.30 am Saturday Night Music.

SCOTTISH

11.00 am UFO. 1.20 pm Curling. 5.15 Blockbusters. 12.25 am Late Call.

TSW

11.00 am Gus Honeybun's Magic Birthdays. 11.03 Chips. 1.20 pm Tightlines. 1.35 Walt Disney Presents. 1.45 Diff'rent Strokes. 2.15 Bellamy on Top of the World. 5.05 *Newsport*. 5.10 Blockbusters. 5.40 Gus Honeybun's Magic Birthdays. 12.30 am Postscript.

TVS

11.00 am Tarzan. 11.57 TVS Weather. 5.15 pm Blockbusters. 12.30 am Tears for Fears in concert. 1.30 Company.

TYNE TEES

11.00 am UFO. 11.55 Lookaround. 1.20 pm Tucker's Witch. 12.30 am Family Conciliation.

ULSTER

11.00 am The Outsiders. 11.58 Lunchtime News. 1.20 pm UFO. 4.55 Sports Results. 5.03 Ulster News. 8.47 Ulster News. 12.25 am News at Bedtime.

YORKSHIRE

11.00 am Simon and Simon. 1.20 pm Scarecrow and Mrs King. 12.30 am Jobfinder.

Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time. 1.00 pm Pull the Other One. 1.30 Sport on 2 including Football (FA Cup Fifth Round): Rugby Union England v France and Scotland v Ireland: 5.00 Sports Report. 6.00 I'm Sorry I Haven't A Clue. 6.30 Cider 'N' Song. 7.00 The Conch Quiz. 7.30 Serenade by the Sea. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.00 Bill Rennells presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Aubade (8.0 World Service News). 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.15 Chicago *Symphony Orchestra* conducted by Solti. Mozart: Piano Concerto No 20 (with Tamas Vasary) and the Mass in C minor (K427) (11.50-11.55 Interval Reading). 1.00 pm News. 1.05 Roseingrave and Scarlatti (Harpsichord and organ recital by Robert Woolley). 1.50 Rawsthorne and Britten, string quartets. 2.40 John Bingham plays Schumann's Waldscenen and Beethoven's Piano Sonata in D minor Op 31 No 2. 3.30 Stabat Mater by Dvorak. 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 Schumann and Fauré, song recital by Michael George (baritone). 7.20 On the Journey. (story). 7.30 Royal Liverpool Philharmonic Orchestra conducted by Andrew Litton, Part 1: Haydn Symphony No 100) and Mozart (Piano Concerto No 25, with Emanuel Ax). 8.20 The Church in Argentina (talk by the Rev Dr Edward Norman). 8.50 Concert, part 2: Debussy (La mer). 9.25 The Historian Within. 10.05 Martinu, music for cello and piano. 10.35 Bracknell Jazz Festival (the Randy Brecker/Elaine Elias Group). 11.57-12.00 News.

BBC RADIO 4

7.00 am Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News. Loose Ends. 11.00 The Week in Westminster. 11.25 From Our Own Correspondent. 11.55 The Weekend on 4. 12.00 News: Money Box. 12.27 pm The News Quiz (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping forecast. 2.00 News: Dilys Powell's History of the British Cinema (S). 2.30 The Afternoon Play (S).

4.00 pm News: International Assignment. 4.30 Science Now. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping forecast. 5.55 Weather: Travel. 6.00 News: Sports round-up. 6.25 Stop the Week with Robert Robinson (S). 7.00 Saturday Night Theatre. 8.30 Baker's Dozen (S). 9.30 Thriller! 9.50 Ten to Ten (S). 9.58 Weather. 10.00 News. 10.15 The Saturday Feature (S). 10.45 One Man and his Newt. 11.00 Big Jim and the Figaro Club. 11.30 *Cliffhanger*. 12.00-12.15 am News.

SUNDAY

† Indicates programme *in black and white*

BBC 1

8.55 am Play School. 9.15 Umbrella. 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 Take Nobody's Word For It. 10.55 Buongiorno Italia! 11.20 Lyn Marshall's Everyday Yoga. 11.30 Parent Programme. 11.45 Telejournal. 12.10 pm Sign Extra: Favourite Walks. 12.35 Farming. 12.58 Weather for farmers. 1.00 This Week Next Week. 2.00 EastEnders.

3.00 pm Match of the Day Live: FA Cup Fifth Round—Wimbledon v Everton. 4.55 Athletics (European Indoor Championships). 5.30 Antiques Roadshow. 6.15 You in Mind. 6.25 News. 6.40 Songs of Praise. 7.15 Last of the Summer Wine. 7.45 The District Nurse. 8.35 Mastermind. 9.05 That's Life! 9.45 World Championship Boxing from Wembley: Lloyd Honeyghan v Johnny Bumphus. 10.30 News. 10.45 The Search for El Dorado. 11.35 Designers.

BBC 2

2.00 pm Rugby Special (highlights of yesterday's internationals). 3.00 The Week in the Lords. 3.40 Crufts 87. 4.10 Music in Camera. 4.50 Thinking Aloud. 5.30 Athletics (European Indoor Championships). 6.00 Ski Sunday (World Nordic Championships). 6.30 The Money Programme. 7.15 On the House. 7.45 The Natural World. 8.35 Pavarotti Masterclass. 9.50 Did you See? 10.30-12.05 am Screen Two: Visitors by Dennis Potter.

LONDON

8.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 Disney's Adventures of the Gummi Bears. 10.00 No. 73. 10.30 The Adventures of Black Beauty. 11.00 Morning Worship from Carlisle Cathedral. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Getting On. 2.00 LWT News Headlines followed by Encounter. *2.30 Snooker — Dulux British Open.*

4.30 A Little Princess. 5.00 Bellamy on Top of the World. 5.30 Bullseye. 6.00 The Television Show. 6.30 News. 6.40 Highway. 7.15 Catchphrase. 7.45 Surprise Surprise. 8.45 Crazy Like A Fox. 9.45 News. 10.00 Top of the Bill. 10.30 The South Bank Show. 11.30 LWT News Headlines followed by *Snooker — Dulux British Open.*

CHANNEL 4

9.25 am Sunday East. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Rebecca. †2.30 "I Was A Spy." 4.10 World of Animation. 4.30 Gardeners' Calendar. 5.00 Robinson Country. 5.30 News Summary followed by The Business Programme. 6.15 Badminton: The British Airways Masters. 7.15 The World At War. 8.15 A-Z of C & W with Hank Wangford. †9.15 Armchair Theatre. †10.20 "The Lady Eve." †12.05 am The Twilight Zone.

S4C WALES

9.00 am Hafoc. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Viva Verona: "Attila." 4.00 The Anglo-Indians. 5.00 7 Days. 5.30 The Business Programme.

6.15 Badminton. The British Airways Masters. 7.15 Wil Cwac Cwac. 7.20 Newyddion. 7.30 Cadwyn Cerdd. 8.00 Pobol Y Cwm. 8.30 Dechrau Canu Dechrau Canmol. 9.00 Rhaglen Hywel Gwynfryn. 9.35 Bonner. 10.35 A Fortunate Life: Providence (1914-16).

IBA Regions as London except at the following times:—

ANGLIA

9.25 am Cartoon Time. †11.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 12.30 am *Personal View.*

BORDER

9.25 am Border Diary. 1.00 pm Farming Outlook. 1.30 Getting on. 11.30 Conference Report: Scottish SDP. 12.00 Snooker (Dulux British Open).

CENTRAL

9.25 am Max, the 2,000-Year-Old Mouse. 1.00 pm Getting On. 1.30 Here And Now. 8.45 Murder, She Wrote. 12.30 am Central Jobfinder '87. machine 45 ——

CHANNEL

9.25 am Today's Weather. 9.26 Starting Point. 1.00 pm Les Francais Chez-vous. 1.30 Enterprise South. 6.25 Channel News Headlines.

GRAMPIAN

9.25 am Cartoon. 11.00 Recollections (Sir Geraint Evans). 11.30 A Full Life (Barbara Castle). 1.00 pm Farming Outlook. 1.30 Face the Press. 5.00 Scotsport. 6.00 Bellamy on Top of the World. 11.30 Conference Report—Scottish SDP. 12.00 Snooker (Dulux British Open). 12.30 am Reflections.

GRANADA

9.25 am Max, the 200-Year-Old Mouse. 1.00 pm Members Only. 1.05 Aap Kaa Hak. 1.00 Wish You Were Here . . . ? 1.40 This Is Your Right. 10.00 Tales of the Unexpected.

HTV

9.25 am Max The 2000 Year Old Mouse. 1.00 pm Farming Wales followed by Weather For Farmers. 2.30 The Sunday Matinee. 6.38 HTV News.

SCOTTISH

9.25 am Peter's Adventures. 11.00 Encounter. 11.25 Cartoon. 11.30 Farming Outlook. 1.00 pm The Glen Michael Cavalcade. 2.00 Cross Current. 2.30 Survival. 3.30 Bullseye. 3.30 Bellamy On Top of the World. 4.00 A Little Princess. 4.30 Scotsport. 8.45 Murder She Wrote. 12.30 am Late Call.

TSW

9.25 am Look and See. 9.30 Disney's Adventures of the Gummi Bears. 1.00 pm The South West Week. 1.30 Farming News. 4.30 Gardens For All. 5.00 A Little Princess. 6.35 TSW News. 12.30 am Postscript Postbag.

TVS

9.25 am Employment Action! 1.00 pm Agenda. 1.30 Enterprise South. 6.25 TVS News. 12.30 am Company.

TYNE TEES

9.25 am Hello Sunday. 1.00 pm Farming Outlook. 1.30 Face the Press. 5.30. Northern Life — *Sunday Edition.* 12.30 am Epilogue.

ULSTER

9.25 am Cartoon Time. 11.00 One More River. 12.58 pm Lunchtime News. 1.00 Getting On. 1.30 Advice with Anne Hailes. 1.58 Farming Weather. 6.38 Ulster News. 8.45 Sing Out. 9.15 The Cosby Show. 9.57 Ulster News. 12.25 Sports Results. 12.30 am News at Bedtime.

YORKSHIRE

9.25 am Cartoon Time. 1.00 pm Getting On. 1.25 Farming Diary. 12.30 am Five Minutes. 12.35 Jobfinder.

Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle says Good Morning Sunday. 9.05 Melodies for You. 11.00 Desmond *Carrington* with your Radio 2 All-Time Greats. 2.00 pm Benny Green. 3.00 Alan Dell. 4.00 Black Magic with Stanley Black and his piano. 4.30 Sing Something Simple with Cliff Adams Singers. 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Vince Hill's Solid Gold Music Show. 7.30 Operetta Nights. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 9.50 Big Fight Special: Welterweight Championship of the *World—Lloyd Honeyghan v Johnny* Bumphus. 11.00 Sounds of Jazz with Tony Russell. 1.00 am Bill Rennells presents Nightride. 3.00-4.00 A Little Night Music.

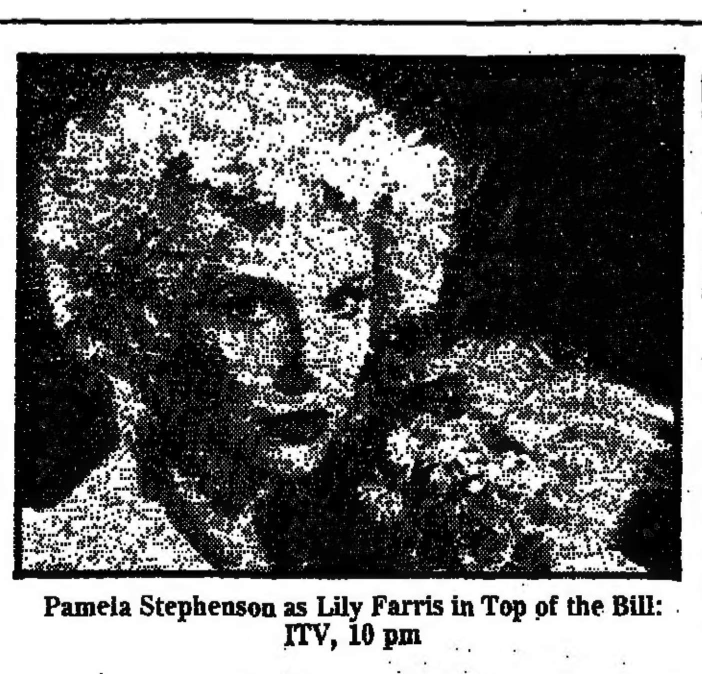
BBC RADIO 3

7.00 am News. 7.05 Wake up to Haydn! 8.00 World Service News. 8.10 Primo e Secondo. 9.00 News. 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Melvyn Tan (fortepiano). 12.15 pm From the Proms 86. BBC Scottish SO: Haydn (Symphony No 79), Ravel (Piano Concerto in G, with Kun Woo Paik): (1.00 Interval Reading) 1.05* Shostakovich (Symphony No. 1). 1.50 "Idomeneo, re di Creta," Mozart's opera sung in Italian with Werner Hollweg [illegible] role. Acts 1 and 2 (2.50-2.55 Interval Reading). 3.45* The Living Poet. 4.05* "Idomeneo," Act 3. 5.45 The Dark Lady of One. 6.35 Liszt and the Piano. 7.40 The Marshalling Yard. 8.00 Adrian Boult Memorial Concert. BBC Symphony Orchestra conducted by Roger Norrington, part 1: Berg (Lyric Suite), Stravinsky (Concerto for piano and wind, with David Owen Norris. 8.45* The Adrian Boult Diaries. 9.05* Concert, part 2: Beethoven (Symphony No. 7). 9.50 Schumann and Martinu music for cello and piano. 10.25 Zemlinsky: A performance of his setting of Psalm 13. 10.45 Music for Guitar. 11.15 Bax's "Into the twilight" and Rubbra's Violin Concerto (soloist Carl Pini). 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Sunday Papers. 7.15 The Local Network. 7.40 Sunday including 7.55 Weather: Travel. 8.00 News. 8.10 Sunday Papers. 8.50 The Week's Good Cause. 8.55 Weather: Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service (S). 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping forecast. 2.00 News: Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.30 Heritage. 4.00 News: The Food Programme.

4.30 The Natural History Programme. 5.00 News: Travel. 5.05 Down Your Way. 5.50 Shipping forecast. 5.55 Weather. 6.00 News. 6.15 Feedback (Christopher Dunkley with comments and queries *about the BBC*). 6.30 Soundings. 7.00 Martin Chuzzlewit by Charles Dickens. 8.00 Bookshelf. 8.30 Musicks That Goths With A Whale (S). 9.00 Proof by Dick Francis (S). 9.30 Law In Action. 9.55 Weather: Travel. 10.00 News. 10.15 The Sunday Feature (S). 11.00 Seeds Of Faith (S). 11.15 In Committee.



Pamela Stephenson as Lily Farris in Top of the Bill: ITV, 10 pm

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